

bindery

The Department of State

bulletin

Vol. XXXI, No. 790

August 16, 1954



RECENT DEVELOPMENTS IN ATOMIC ENERGY • by <i>Lewis L. Strauss</i>	227
COMMUNISM IN GUATEMALA <i>Address by Ambassador Willard L. Beaulac</i> <i>The Guatemalan Communist Party—A Summary</i>	235 237
PRINCIPLES OF COLLECTIVE SECURITY • State- <i>ment by Ambassador James J. Wadsworth</i>	243
REMOVAL OF OBSTACLES TO INTERNATIONAL TRADE' • Statement by Preston Hotchkis	246
PROGRAMS FOR OVERSEAS CONSTRUCTION AND OFFSHORE PROCUREMENT • Letter from Secretary <i>Dulles to Senator Hayden</i>	249
AGREEMENT ON NEW AIR ROUTE BETWEEN U.S. AND SCANDINAVIA	251

For index see inside back cover



The Department of State bulletin

VOL. XXXI, No. 790 • PUBLICATION 5564

August 16, 1954

The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

Publications of the Department, as well as legislative material in the field of international relations, are listed currently.

For sale by the Superintendent of Documents
U.S. Government Printing Office
Washington 25, D.C.

PRICE:
52 issues, domestic \$7.50, foreign \$10.25
Single copy, 20 cents

The printing of this publication has
been approved by the Director of the
Bureau of the Budget (January 22, 1952).

Note: Contents of this publication are not
copyrighted and items contained herein may
be reprinted. Citation of the DEPARTMENT
OF STATE BULLETIN as the source will be
appreciated.

Recent Developments in Atomic Energy

by Lewis L. Strauss

Chairman, Atomic Energy Commission¹

Two objectives of our national policy with respect to atomic energy are: improvement of the general welfare and increase in the standard of living. In general terms, these two objectives are similar and may be dealt with as one topic. Although it has been less than 12 years since the power of the atom was harnessed within a nuclear reactor, we have already made tremendous progress in research and development in connection with agriculture, chemistry, metallurgy, biology, medicine, and other areas of science and industry. Additionally, we have seen significant advances in new fundamental knowledge, and I am confident that new discoveries will appear, fully as important as those we have already witnessed, and that they will further enrich the lives of all of us. We are not yet at high noon of the atomic age—only at the first glimmer of its dawning.

My time this morning only permits mentioning these areas. The temptation to describe several of them in detail simply has to be resisted. There is one program, however, of a special appeal to me, about which I would like to tell you something briefly. I refer to the attack on that terrible scourge of our generation—cancer. The Atomic Energy Commission is vigorously promoting research along three lines:

One, we distribute radioactive isotopes, at cost or less, to hundreds of hospitals, medical schools, and clinics. For example, in nearly all Veterans' Hospitals, radioactive isotopes are used to detect and locate brain tumors and cancerous conditions prior to X-ray treatment or surgery.

Two, we give grants-in-aid to cancer research projects on the advice of a distinguished panel of physicians.

Three, we have established four of our own clinical facilities for cancer research, the newest and

largest of which is the Argonne Cancer Research Hospital in Chicago. This facility, which cost about \$4 million, is the largest ever built for the purpose.

To illustrate the scientific progress we have fostered in medicine and surgery, I have brought here a complete portable X-ray unit. It is about the size of a quart can and weighs about 20 pounds. It was developed in our Argonne Laboratory, and it can be used in place of a one-hundred-thousand-volt X-ray machine for diagnostic purposes. This device will do approximately the same job as a conventional X-ray machine many times its size and weight. This device needs no outside source of power and, therefore, can be used on the battlefield, in first aid stations, and the like. It also very probably has interesting industrial applications.

Similarly, we are aiding medical research to find new tools with which to attack heart disease, arthritis, and other chronic illnesses that are the cause of so much human suffering. The benefits would be incalculable if cancer or one of these other dread diseases could be conquered—certainly no one could put a dollar value on such an achievement. We are on the way to these goals.

The peacetime uses of atomic energy are not being directed toward medicine and industry to the exclusion of other fields of application where benefits are both needed and feasible. As examples, we are actively assisting research in animal husbandry and in experimental programs to improve fertilizers and insecticides, to maintain soil fertility, and to increase the yield of food crops.

The industrial field of usefulness of radioisotopes is expanding so rapidly that this development alone may ultimately justify the billions we have already spent on atomic energy. Ordinary stable elements like sodium, cobalt, copper, and iron, after exposure to neutron bombardment in a reactor, are full of unstable atoms which give off radiation at precise rates. The energy emanating from these atoms can be detected, traced, and measured wherever it occurs. The Commission has furnished to industry more than 150 varieties

¹Excerpts from an address made before the Veterans of Foreign Wars of the United States at Philadelphia, Pa., on Aug. 5; released to the press on the same date by the Atomic Energy Commission.

of these versatile isotopes, and they are now being used in some 860 privately supported research laboratories and factories.

These tracer atoms are being used more and more in general industry for process control, in the petroleum industry for tracing the transfer of oils through pipelines, and for measuring the wear of such things as piston rings. In larger quantities, they are used as radiation sources for thickness gauging, for detecting flaws in castings, and in literally dozens of other uses that are now bringing substantial dollar savings to American industry. For example, one company saved approximately \$100,000 last year by this new technique. Another company reported that certain tests cost them only some \$35,000 by using radioisotopes, which by conventional methods would have cost \$1 million—and would have taken years instead of weeks to complete. The uses of isotopes are increasing from month to month; last year over 12,000 shipments of isotopes were made from Oak Ridge.

Among the peaceful uses of atomic energy, the development of nuclear power has been second only to the weapons program. By nuclear power I mean using the great heat generated in atomic fission to make steam, which is then used in turbo-generators to make electricity. Our first success in this field was in December 1951, when we proved that the heat generated in a reactor could be taken out safely and used to produce electric power. A somewhat different type of reactor was built and put into successful operation in February 1953. In each case, the amount of power produced was not commercial. But only a few months later, in the summer of last year, the first full-sized nuclear power plant was completed and turned on at full power. This reactor was the prototype of the one now installed in the first nuclear-powered submarine, the *Nautilus*.

The amount of power in the *Nautilus* is classified information, but you will readily understand that any modern submarine capable of operating with the fleet at sea must have reliable power, and lots of it.

Our next big step was the signing of a contract with the Duquesne Light Company, successful bidder for the construction and operation of a 60,000-kilowatt commercial plant. It is to be built near Pittsburgh, and its cost will be shared between the company and the Commission on a basis very favorable to the Government.

The Atomic Energy Commission is now undertaking a comprehensive 5-year program for nuclear power which will cost approximately \$200 million. Under this program, five different experimental power plants will be built, each embodying a different technological approach. Because of their small size and experimental nature, none of these is expected to produce economically competitive electric power. Even the most ardent supporters of nuclear power do not see it as a

replacement for conventional sources of energy in the immediate future. Some engineer-economists foresee that by 1960—only 6 years from now—perhaps 10 percent of the new power plants on the drawing boards will have specifications for nuclear reactors, instead of coal, oil, or gas-fired boilers. These same experts say that by 1980 perhaps half of the new plants will use fissionable materials as fuel. However, I think these forecasts are too conservative.

"Strengthen Free Competition in Private Enterprise"

Another objective in our national atomic energy policy is the "development, use and control of atomic energy directed so as to strengthen free competition in private enterprise." That is a non-partisan statement, written into law originally by a Democratic Congress in 1946 and approved this year by a Republican Congress.

Naturally, the question has already arisen as to who should own and who should operate the nuclear power plants that may be built in increasing numbers in the next two or three decades.

At present, the atomic energy industry is Government-owned. This departure from the normal pattern of industrial enterprise in our country was not undertaken with intent to alter our institutions. It was deemed necessary to cope with the unique and unfamiliar characteristics of atomic energy in 1946 and because its products went almost entirely into our military arsenal. The 1946 Atomic Energy Act specifically envisaged that as experience was gained, the law should be modified by amendment. Continuance of complete Government ownership into the period of major peacetime applications of atomic energy, involving as it would a basic change in the fundamental roles of Government and of private citizens, could produce a change in our society more radical than any that might result from the technical novelty of nuclear power.

To conform to our national policy "to strengthen free competition in private enterprise," I believe that nuclear power as it becomes economically attractive should be integrated into the existing power economy of the nation; that nuclear power should be produced and distributed by the private and existing public power systems, and not by the Atomic Energy Commission.

The potentialities of atomic energy involve problems of control which call for an unusual degree of Federal participation. Nevertheless, I am confident that the inescapable restrictions and safeguards which society must impose on the utilization of atomic energy can be made consistent with freedom of initiative for private industry. I also believe that the special problems of atomic energy can be solved without risk to security or safety, without unfair advantage to any group,

and in harmony with the proper relationships between our Government and its citizens.

I believe that completely fair licenses and contracts between the Commission and privately owned companies can be negotiated, under which the enormous costs of future research, development, and construction for nuclear power plants will not fall mainly on the shoulders of the taxpayers. I can assure you that, in all negotiations and dealings with private industry, the interest of the public will be fully protected by the present Atomic Energy Commission and its employees in offices, research laboratories, and operating plants throughout the country. There is also the Joint Atomic Energy Committee of the Congress—composed of men well versed in our work, and by law required to be kept fully and currently informed concerning it. They are now and will no doubt continue to be vigilant guardians of the public interest. You know, of course, that among the members of this Committee is Capt. James E. Van Zandt, three times Commander-in-Chief of your organization, now a distinguished member of Congress from Pennsylvania.

My comments about nuclear power have been confined to the prospects for its development in our own country. However, in many other nations the need for supplementary fuel is more urgent than here.

The growing need for power generation, together with the rising demand for fuel for transportation and industry, is putting more and more pressure on the energy resources of many nations. Among consuming nations able to meet less than one-half of their consumption of coal and oil from sources within their own borders are Italy, Portugal, Greece, Norway, Sweden, Denmark, Finland, Argentina, Algeria, French Morocco, Ceylon, and Pakistan. In view of the potential importance of nuclear power as a supplementary worldwide source of energy, the progress of the United States in our development program can be significant for other nations as well as for ourselves.

"To Promote World Peace"

It was faith in the feasibility of the reduction of atomic weapons, and their ultimate abolition, that moved President Eisenhower, last December, to propose before the General Assembly of the United Nations the establishment of an international agency to receive contributions of normal uranium and fissionable materials from nations, including the Soviets, able to make such contributions. The International Atomic Energy Agency, which he proposed, would be set up to use these materials to bring the benign forces of the atom

to the service of men everywhere and nuclear energy to the power-starved areas of the world. Let me quote from the President's speech for his words deserve to be heard over and over again:

The United States would seek more than the mere reduction or elimination of atomic materials for military purposes.

It is not enough to take this weapon out of the hands of the soldiers. It must be put into the hands of those who will know how to strip its military casing and adapt it to the arts of peace.

The United States knows that if the fearful trend of atomic military buildup can be reversed, this greatest of destructive forces can be developed into a great boon, for the benefit of all mankind.

The United States knows that peaceful power from atomic energy is no dream of the future. That capability, already proved, is here—now—today. Who can doubt, if the entire body of the world's scientists and engineers had adequate amounts of fissionable material with which to test and develop their ideas, that this capability would rapidly be transformed into universal, efficient, and economic usage.

The President's proposal was simple and straightforward. The international agency he envisaged can demonstrate to the world that atomic energy can be used to raise the standards of living in other nations as well as in the United States.

Since December, private diplomatic conversations with other nations have been carried on by our Government. The attitude of Soviet Russia is not encouraging, but this is not surprising in the light of the dismal record of efforts to reach agreements with that Government since 1945. Nevertheless, President Eisenhower has not in any way abandoned hope for the eventual acceptance of his proposal. Only yesterday at his press conference he reaffirmed his resolution to press forward with or without Soviet participation.

Against the sombre background of the world situation as it appears today I would like to conclude these remarks with a personal statement of faith—

I deeply believe that the Creator did not intend man to evolve through the ages up to this point, only now to devise something to be used solely for the destruction of life on this earth. On the contrary, I have an abiding faith that Providence intends that the release of the energy in the atom, through the instrumentality of man's efforts and genius, should be used to promote peace on earth and good will among men. Had I not always firmly believed that the beneficent applications of atomic energy would transcend the temporary destructive uses of it, I could not have taken my small part in this momentous development. I leave you with the hope that you share this faith in the unfolding of our destiny.

Agreement Between Iran and International Oil Consortium

On August 5 the Government of Iran and the International Consortium representing eight oil companies agreed in principle on an arrangement which will restore the flow of Iranian oil to world markets. Printed below are texts of a letter from President Eisenhower to Mohammad Reza Shah Pahlavi, Shahinshah of Iran; a statement by Secretary Dulles; a message from Secretary Dulles to Prime Minister Fazlollah Zahedi and Foreign Minister Abdollah Entezam of Iran; and other messages and statements concerning the agreement.

PRESIDENT'S LETTER TO SHAHINSHAH OF IRAN

White House press release dated August 5

YOUR IMPERIAL MAJESTY: The important news that your Government, in negotiation with the British, French, Dutch and United States oil companies, has reached, in principle, a fair and equitable settlement to the difficult oil problem is indeed gratifying.

Your Majesty must take great satisfaction at the success of this significant phase in the negotiations to which you personally have made a valuable contribution. I am confident that implementation of this agreement, under Your Majesty's leadership, will mark the beginning of a new era of economic progress and stability for your country.

Like myself, all Americans have a deep concern for the well-being of Iran. With them I have watched closely your courageous efforts, your steadfastness over the past difficult years, and with them I too have hoped that you might achieve the goals you so earnestly desire. The attainment of an oil settlement along the lines which have been announced should be a significant step in the direction of the realization of your aspirations for your people.

There is concrete evidence of the friendship that exists between our two countries and of our de-

sire that Iran prosper independently in the family of free nations. We have endeavored to be helpful in the form of economic and technical assistance and we are happy to have helped in finding a solution to the oil problem.

I can assure Your Majesty of the continued friendly interest of the United States in the welfare and progress of Iran, and of the admiration of the American people for your enlightened leadership.

With sincere best wishes for the health and happiness of Your Majesty and the people of Iran,
Sincerely,

DWIGHT D. EISENHOWER

STATEMENT BY SECRETARY DULLES

Press release 421 dated August 5

It is with great pleasure that I have learned that the Iranian Government and members of the International Oil Consortium negotiating in Tehran have agreed to the principles under which they will cooperate to resume the production and refining of Iranian oil. I also understand that parallel talks taking place between Iran and the United Kingdom concerning compensation have resulted in a settlement satisfactory to both sides.

Detailed agreements must still be drawn up and will have to be approved by the boards of the several companies and by the Iranian Parliament. However, the United States is extremely pleased that another significant step has been achieved in the direction of a solution to a problem which has for several years worked hardships on Iran, Great Britain, and, indeed, upon the free world as a whole.

Every member of the community of free nations stands to gain from the settlement of this issue between two of its members which has in the past operated as an irritant among countries which have so much in common and so much to gain from close friendship and collaboration.

The atmosphere reflecting the goodwill of all parties which has prevailed throughout the negotiations has been most gratifying. The results which have been announced in Tehran demonstrate again that, when goodwill exists and people strive earnestly and realistically, a way can always be found with honor and with fairness to overcome differences.

Five American companies have joined with the Anglo-Iranian Oil Company and with Dutch and French firms in this undertaking with the Government of Iran. Participation of these companies with Iran in this great enterprise will make it possible for Iranian oil in substantial quantities to begin to flow to markets almost immediately upon the conclusion of the final agreement. Iran will within a few years regain a position as one of the world's largest oil producing countries.

The United States is particularly pleased that the revenues which will be derived by Iran under this agreement will provide means for our friends in that country to carry out a long-range development program which, under the leadership of His Imperial Majesty the Shah, has been designed to improve the welfare of the Iranian nation as a whole. The signature of the agreement should mark the beginning of a new era for Iran—an era of great hope and of prosperity.

American interest in Iran and in Iranian progress has been demonstrated in many ways in the past. It is our intention to continue to demonstrate in practical ways that friendly interest.

SECRETARY DULLES TO PRIME MINISTER AND FOREIGN MINISTER OF IRAN

Press release 422 dated August 5

I wish to extend my heartiest congratulations on the agreement which you have reached with the international negotiation team. I am convinced that this settlement, based upon the principles which have been announced, will represent a satisfactory and entirely equitable arrangement in which all parties concerned will be sharing responsibility and benefit. The signing of an agreement in principle when ratified will mean immediate resumption of Iran's great oil industry to the consequent advantage of the people of Iran.

I am pleased that our Government was in a position to lend its assistance in resolving this intricate problem, and I am particularly pleased at the statesmanship which was demonstrated by the negotiators on all sides.

I am happy that Iran will be able, as soon as operation of its oil industry is resumed, to carry forward its program of economic and social betterment and that its people will play an ever increasing part in the maintenance of peace and security in the Middle East.

STATEMENT BY LOY W. HENDERSON U.S. AMBASSADOR TO IRAN

Press release 423 dated August 5

The news contained in the joint statement issued today by Dr. Ali Amini, Iranian Minister of Finance, and Mr. Howard Page, representing the consortium companies, should bring joy to the heart of every true friend of Iran. The agreement which they have announced represents, in my opinion, a long step in the direction of the realization of the aspirations of the Iranian people. When an oil settlement is finally achieved along lines indicated in the joint statement, when Iranian oil once more flows in large quantities to the markets of the world, and when Iran begins to receive substantial revenues from its oil resources, the Iranian people should be in a better position than heretofore in recent times to develop their country in a way which will assure them a future in keeping with their glorious past.

From my intimate acquaintance with the course of these protracted negotiations, I am convinced that they would not have been successful if the participants had not been animated by sentiments of lofty patriotism and had not approached their task of finding an agreement in a constructive and statesmanlike spirit.

MESSAGES OF SECRETARY DULLES AND BRITISH FOREIGN SECRETARY EDEN

Press release 424 dated August 5

Secretary Dulles to Foreign Secretary Eden

On behalf of my Government I wish to express to you my deep appreciation for the part played by the British Government in the successful conclusion of the oil negotiations in Iran. I regard this agreement as a milestone from which point our governments and that of Iran will be able to take further constructive steps to advance our mutual interests in the area.

It is a source of great personal satisfaction to me that a solution has been found to this difficult problem. It augurs well for further close and friendly cooperation of the countries concerned.

Foreign Secretary Eden to Secretary Dulles

I thank you for the message which you addressed to me on behalf of the United States Government in connection with the conclusion of the oil negotiations in Persia. Her Majesty's Government also believe that this agreement will lead to a renewal of friendly cooperation with Persia to the great advantage of all concerned. Allow me to thank you for the generous help which the United States Government have given in the negotiations, and, in particular, for the unfailing cooperation of Mr. Henderson, the United States Ambassador in Tehran.

**LETTER FROM SECRETARY DULLES
TO HERBERT HOOVER, JR.**

Press release 428 dated August 7

AUGUST 6, 1954

DEAR HERBERT: The events of the past few days, indicating a happy conclusion to the Iranian oil controversy, make it appropriate for me to express my appreciation for the fine work you have done since agreeing, at a personal sacrifice, to become my Consultant last September. The fact that, thanks in large part to your efforts, one of the thorniest problems of the free world, one which so recently seemed almost insoluble, now appears well on the way to a satisfactory solution is ample reason why I should be grateful.

You have gained, I am happy to say, the wholehearted respect and admiration of the Foreign Service and the Department of State. Your tact and patience were of inestimable value in bringing about an understanding among parties with widely divergent viewpoints, while your wide experience in commerce enabled you to gain the support of some of the world's outstanding business enterprises in the working out of a problem in which their participation was essential.

My appreciation is but a small part of that which is your due. I hope that you will find satisfaction in knowing that the interests of the United States and the free world will benefit from your accomplishments.

Sincerely yours,

JOHN FOSTER DULLES

Mr. HERBERT HOOVER, Jr.
Consultant to the Secretary
Department of State
Washington, D. C.

**MESSAGE FROM SECRETARY DULLES
TO AMBASSADOR HENDERSON**

Press release 430 dated August 7

Now that a settlement of the Iranian oil controversy has been reached, I would like to express my continuing admiration for the work you have done since becoming Ambassador to Iran. Your major role in bringing about this settlement speaks for itself. As the principal point of contact between the British, the Iranians and the oil companies your success in bringing these widely divergent parties together would seem an impossible achievement to those not acquainted with your splendid record in the service of the United States.

I know the loyal and effective help you have had from your staff, and I ask that you convey to those concerned my highest appreciation for the significant contribution they have made to this settlement.

**JOINT STATEMENT
BY GOVERNMENT OF IRAN AND
OIL CONSORTIUM¹**

Dr. Ali Amini, Chairman of the Iranian delegation, and Mr. Howard Page, chairman of the negotiating group, representing the consortium companies, jointly issue the following statement in connection with the current oil discussions:

The Iranian Government, the National Iranian Oil Company and the negotiators representing a consortium of 8 oil companies have reached accord on necessary points of an agreement which will restore the flow of Iranian oil to world markets in substantial quantities. An essential part of the consortium agreement was settlement of the question of compensation to Anglo-Iranian Oil Company. A separate announcement has been made in this respect.

The agreement must now be put into proper legal form, approved by the Board of Directors of the participating companies, and signed by the parties concerned. It will then be submitted for enactment as part of the law of Iran and for formal approval of the Shah. It is estimated that these requirements can be concluded in about two months, after which large volumes of Iranian oil will once again be loaded at Iran's great oil ports at Abadan and Bandar Mashur bound for the consuming and refining centers of the world. In the interim period, preparations for resumption of activities will commence.

Two operating companies will be formed to operate the oil fields and refinery. These companies will receive the necessary rights and powers from the government and the National Iranian Oil Company and exercise them on their behalf to the extent specified in the agreement. The consortium companies will pay the National Iranian Oil Company for all the oil required for export and sell the crude and products exported. Provision is made for the National Iranian Oil Company to take crude oil in kind, in lieu of payments, up to 12½ percent of total exports. Products for consumption within Iran will be available to the National Iranian Oil Company at substantially their cost. The agreement covers a period of 25 years, with provisions for three 5-year extensions.

Through payments to National Iranian Oil Company and application of Iranian tax laws it has been estimated that total direct income to Iran from increased scale of operations for the first 3 full years, following a starting up period of 3 months, will be 150 million pounds on the basis of present prices and costs. The estimated figures begin at 31 million pounds for the first full year of operation, increasing to 67 million pounds for the third.

The National Iranian Oil Company will continue to operate the Naft-I-Shah oil field and

¹ Issued at Tehran on Aug. 5.

Kermanshah refinery to produce a part of Iran's own oil needs, and will continue to handle the distribution of oil products in Iran.

The National Iranian Oil Company will also be responsible for all facilities and services not directly a part of producing, refining and transportation operations of the operating companies. These will include such functions as industrial training, public transport, road maintenance and facilities such as housing, medical care and social welfare. The National Iranian Oil Company will be reimbursed for a major part of the cost of such facilities and services by the operating companies, with whom close cooperation will be maintained.

Production of crude oil from Iran, following a starting up period of three months, will be increased progressively, bringing total exports of crude and products to a minimum of eighty million cubic meters (78 million tons; 500 million barrels) for the first three year period. In addition some five million cubic meters will be produced for internal consumption. Following the third year it would be the policy of the consortium companies to continue taking quantities of crude oil which would reasonably reflect the supply and demand trend for Middle East crude oil, assuming favorable operating and economic conditions in Iran.

Large scale operations at the Abadan refinery will be resumed as quickly as possible. It is expected that, again following the initial period of three months a total of nearly 35 million cubic meters (30 million tons; 220 million barrels) of crude will be processed for export during the first three years of operation. Of this, some 15 million cubic meters (13 million tons; 94 million barrels) will be processed during the last three years, a rate which will once again establish Abadan's output as the largest in the Eastern Hemisphere, despite sharp increases in refinery capacity in that area during the last three years.

The two operating companies will be organized by the consortium and will carry on operations in Iran within a specified area. One of the companies will deal primarily with exploration and production, the other with refining. The companies will be registered in Iran and have their management and operating headquarters there. They will be incorporated under the laws of the Netherlands. There will be seven directors of each company, two of whom will be named by Iran and five by the consortium. Operating data and records of the companies will be available to Iran and the National Iranian Oil Company.

The consortium is expected to consist of the Gulf Oil Corporation, Socony Vacuum Oil Company Incorporated, Standard Oil (New Jersey), Standard Oil Company California, the Texas Company, the Anglo-Iranian Oil Company, Compagnie Française de Petroles and Royal Dutch/Shell.

STATEMENT BY HOWARD PAGE, CHAIRMAN OF THE INTERNATIONAL CONSORTIUM*

We are very glad to be able to say that we have now agreed with the representatives of the Iranian Government and the National Iranian Oil Company on all necessary points of an arrangement under which Iran will resume a place among the principal oil producing nations. We must now return to report to our respective companies. Several of us will return here soon, however, to consult with the latter who will be working out details of the necessary formal texts.

Before returning here, I will stop in London for a few days to join in discussions which will be going on between the companies in the consortium who must now conclude a separate agreement among themselves covering their participation. They will also formalize the status of the consortium by the establishment of a company there to handle its necessary corporate functions.

This arrangement is unique, and there have been many particularly difficult questions to settle. We believe they have been resolved in good spirit and with fairness to both sides. I want particularly to express my respect to Dr. Amini who was a brilliant, capable and tough negotiator. He and his colleagues have squeezed the maximum benefit for Iran out of every point. They have been fair at all times, though, and we have maintained good humor even at the most difficult times.

The companies represented here have approached our problems at all times in a sincere desire to find acceptable answers. In many cases they have submerged their individual interests, at a time when both crude oil production and refinery capacity are at potentials greater, on a worldwide scale, than present market requirements, in order to make it possible for Iran to restore to its economy the benefits of its oil industry.

The basis has been laid here, in a friendly and cooperative spirit, for a long-term relationship which we believe is equitable and constructive for both sides. All of us hope sincerely that this agreement will contribute durably to the economy and security of Iran and the other nations affected.

U.S.-Egyptian Reclamation Project

A new demonstration project of the Egypt-American Rural Improvement Service will reclaim thousands of acres of land in Egypt's Fayoum Province for settlement by landless families, the Foreign Operations Administration announced on July 22. It is expected that 2,000 families will be settled on 13,000 acres in the Qoota area reclaimed through irrigation. Existing irri-

* Issued at Tehran on Aug. 5. Mr. Page is vice president of the Standard Oil Company of New Jersey.

gation works will be improved, and new drains, pumping stations, and canals will be constructed.

The United States will contribute \$230,440 to the total project cost of \$576,100, and the Egyptian Government will contribute the equivalent of \$345,660 in local currency. The project, like others sponsored by the Egypt-American Rural Improvement Service, is of twofold value: It will be useful in itself in relieving overcrowding on the land, and it will serve as a pilot project for additional undertakings of a similar kind by the Egyptian Government.

The Egypt-American Rural Improvement Service, known as EARIS, is a jointly staffed and controlled cooperative service with a working capital of \$25 million—\$10 million contributed by the U.S. and the equivalent of \$15 million contributed by the Government of Egypt. Money for the Qoota project will come from this development fund.

The EARIS program takes account of the fact that Egypt is a land of many farmers and comparatively little usable farm land. Six million acres lying in a narrow strip of land along the Nile serve 22 million people. The country's prime need is for additional farm land on which the landless fellahin (peasants) may be settled.

Settlement of Suez Controversy

Following are the texts of messages exchanged by Secretary Dulles and Foreign Secretary Anthony Eden of the United Kingdom, and by Secretary Dulles and Egypt's Prime Minister Gamal Abdel Nasser and Foreign Minister Mahmoud Fawzi, on the occasion of the agreement reached on July 28 between the United Kingdom and Egypt.¹

Press release 419 dated August 3

Secretary Dulles to Mr. Eden

I wish to extend my heartiest congratulations on the Agreement which you have reached with the Egyptian Government over the Suez Base. It is in keeping with the best British tradition to effect statesmanlike adjustments to changing world conditions.

I feel confident that this Agreement will be beneficial both to the United Kingdom and to Egypt and will create an atmosphere of friendliness in the area.

Mr. Eden to Secretary Dulles

I am very grateful for your kind message of congratulations about the agreement we have

reached with Egypt over the Suez Canal Base, and for the part which you and the United States Government have played in helping an agreement to be reached.

I too believe that the agreement will make a real contribution both to the establishment of new relations of friendship between my country and Egypt and to the stability of the Middle East as a whole.

Secretary Dulles to the Prime Minister and Foreign Minister of Egypt

I wish to send my sincerest congratulations on the Agreement which you have reached with the United Kingdom over the Suez Base. I realize what an important day this constitutes in the history of modern Egypt and the pleasure with which it will be hailed by the Egyptian people. With the conclusion of this Agreement coming as it does after the Sudan settlement, your Government and the British Government have established a remarkable record in the solution of difficult international problems.

I am sure that this settlement will establish the foundation for even closer collaboration between our countries on the problems affecting the Near Eastern area, and in the long run the Agreement will produce greater stability and defensive strength in the area.

Prime Minister Nasser's Reply

I wish to thank you most sincerely for your kind message of congratulation which was conveyed to me by His Excellency Ambassador Jefferson Caffery on the occasion of the Suez Base agreement with the United Kingdom.

Egypt is confident that this agreement will start a new era of closer cooperation with the United States as well as with all other friendly countries.

I am grateful for the help and assistance of the leaders and the Government of the United States in bringing about this agreement.

Foreign Minister Fawzi's Reply

I have received with sincere gratitude the kind message of congratulations you sent me with His Excellency Ambassador Jefferson Caffery.

As a starting point in a new era of Egypt's redoubled cooperation with all friendly countries, Egypt welcomes the agreement with the United Kingdom on the Suez Base question. And in this connection, we will always recall with appreciation, the patient, wise and helpful support of the leaders and Government of the United States of America in reaching this agreement.

¹ BULLETIN of Aug. 9, 1954, p. 198.

The Communist Effort in Guatemala

by Willard L. Beaulac
Ambassador to Chile¹

Communism tries to disturb the economic life of all countries. Paradoxical as it may sound, communism feeds on food shortages. Communist prospects improve as the economic prospects of a country deteriorate. Hence the Communist passion for causing trouble.

All of us know something of what has just happened in Guatemala. The friends of communism in Guatemala say that the American Republics have been intervening in Guatemala. The Communists never say what they really mean. What they mean in the case of Guatemala is that Russia should be free to intervene there without interference from anyone. The Communists point out that Guatemala is a tiny country, and they allege that she has been attacked by more powerful neighbors. The truth is, of course, that the only attack against Guatemala has been made by the Communists.

Guatemala is, of course, not a Communist country. It never has been Communist, and I am sure that it never will be that. No country, we all know, has ever become Communist of its own volition. Even in Russia the Communists are a small minority who rule by force and by terrorism.

When Colonel Arbenz was elected President of Guatemala, following the assassination of the rival candidate, he was not a Communist. Many allege that he is not a Communist now, that he merely surrendered Guatemala to the Communists.

Only four members of the Guatemalan Congress were Communists. Not long ago the leading Communist in Guatemala was defeated in his campaign for election as Mayor of Guatemala City. Among the staunchest anti-Communists in Guatemala City are the market women. I have seen them and talked to them and I know they would never have anything to do with communism.

It is clear, then, that the Guatemalan people are overwhelmingly anti-Communist. And still the Government was delivered over to the Com-

munists. The presidencies of the most important committees in the Congress were given to the Communists. All the important agencies in the Government were turned over to the Communists. The cabinet was a mere technical body with no real authority. The country was governed by a Communist Cominform, no member of which was elected by the Guatemalan people. There was a steady stream of Communist officials and party leaders traveling between Guatemala City and Moscow. Russian intervention in Guatemala was a fact. It was in the light of this intervention and the threat that it posed for all the American Republics that a consultative meeting of Ministers of Foreign Affairs was convoked.

Archbishop's Letter

In an unforgettable pastoral letter not long ago the Archbishop of Guatemala denounced Communist intervention. He said, among other things:

En 1946, en carta colectiva de todo el Episcopado de Guatemala, dimos la voz de alerta de que el comunismo estaba a las puertas de nuestra patria, y no sólo no se nos quiso oír, sino que mientras se cerraban las puertas a los ministros de culto católico, se abrían de par en par nuestras fronteras a una chusma de aventureros internacionales fogueados en las tácticas comunistas que impuso la Tercera Internacional y, violando las leyes de Guatemala, se dió amplia libertad a quienes en principio y por consigna tienen como misión fundamental atentar contra la seguridad de las naciones y desecristianizar el alma del pueblo. Y empezó una sorda campaña contra la unidad nacional, y se llegó hasta sembrar hondas divisiones y odios irreconciliables entre los mismos obreros que por consecuencia de tan nefasta doctrina obedecen a Moscú, y los otros que antes que nada son guatemaltecos y católicos.

Por las radiodifusoras oficiales se escuchó la incesante prédica disociadora, los ataques a la Iglesia, los insultos a sus Ministros y las proclamas de todas las consignas políticas del Politburó soviético; se vieron los puestos de revistas abarrotados de literatura comunista, y aún los planteles docentes fueron cátedras de prédica comunista de parte de maestros mercenarios; y todo esto pasaba impunemente, mientras las células comunistas seguían multiplicándose activamente . . . La propaganda comunista ha llegado ya hasta los últimos rincones de Guatemala y ha dejado sembrada en muchos lugares su

¹ Address made before the American Chamber of Commerce, Santiago, Chile, on July 6.

funesta simiente, que ha germinado con sangre de nuestros hermanos guatemaltecos.

[In 1946, in a circular letter to all the dioceses of Guatemala, we warned that communism was at the doors of our country, and not only were we unheard, but at the same time the doors were closed to the ministers of the Catholic Church, our frontiers were opened wide to a group of foreign adventurers steeped in Communist tactics who initiated the Third International, and, violating the laws of Guatemala, full freedom was given to those who, in principle and by assignment, have as a fundamental mission to act against the security of the nations and to de-Christianize the soul of the people. And there began a quiet campaign against the national unity which sowed deep divisions and irreconcilable hates among the workers who, as a result of this ominous doctrine, obey Moscow, and among others who are, above all, Guatemalans and Catholics.]

Over the official radio one heard incessantly divisionist lectures, attacks on the Church, insults to its ministers, and proclamations by all the appointed politicians of the Soviet Politburo; one saw bookstands overstocked with Communist literature; and even the educational institutions were centers for Communist lectures by paid teachers; and all this occurred with impunity, while Communist cells continued multiplying actively. . . . Communist propaganda has now reached every corner of Guatemala and has left planted in many places its sinister seeds, which have germinated with the blood of our Guatemalan brothers.]

I don't think that anyone but a Communist would allege that the Archbishop of Guatemala lies. And still there are Christians, or men who say they are Christians, who act as though the Archbishop of Guatemala were not telling the truth. We see them marching side by side with men who make a career of defending those who persecuted Cardinal Mindzenty, scores of bishops, thousands of Catholic priests and nuns, and uncounted numbers of the faithful. These persons who are not Communists, but who work with the Communists, must from time to time ask themselves how they ever got in such strange country.

Dupes and Demagogues

Who are these people who call themselves Christians and who work for the Communists? Some of them, of course, are dupes. They are simple-minded people who know no better and who will never know any better. Now it isn't so easy to be tolerant with the second class—the demagogues—those who parrot the Communist line, knowing it to be false, because the Communists have convinced them that that is what the people want to hear.

The demagogues show their scorn for the people whom they profess to respect by lying to them just as the Communists do. By lying to them they betray them. They think that by doing these things they are advancing their own political futures. But I would suggest that these demagogues beware. If God should so forsake their countries as to permit the Communists some day to come into power, these demagogues who call themselves democrats would be the first to be

purged by their Communist masters. They would be the first to be sent to some New World Siberia, or perhaps even to the Old World Siberia, or to meet violent death at the hands of those whose cause they now serve.

These men who call themselves Christians are slow to talk against Russia, which has tortured and assassinated millions of human beings and enslaved other millions; but they are quick to talk against the United States, which is the free world's principal bulwark against communism, as though it were the United States and not Russia which menaced freedom everywhere. In their hearts these men must know that never in the history of the world has a state so powerful as the United States lived in such peaceful and cooperative relationship with its less powerful neighbors.

The Communists and their dupes, and the demagogues who follow their line, pretend that the problem of Guatemala is not communism, but the United Fruit Company. This is a typical Communist device that is so clear that it should not deceive anyone. These people claimed that the United States was trying to intervene in Guatemala because the Guatemalan Government had expropriated certain Fruit Company lands. It is cynical indeed that talk of intervention should come from the servants of a government that is intervening in every country of the world, including the United States and Chile!

The Government of the United States made the same diplomatic representation with respect to the United Fruit Company that it would make for any American enterprise anywhere, and which any government would make for an enterprise of its nationals abroad. The Government of the United States offered to submit the United Fruit Company case to international arbitration. The Communist-dominated Government of Guatemala did not even reply to that offer. It even pretended that the offer was never made.

I say these things not to defend the United Fruit Company but to defend the truth. Unless we defend the truth as strongly as the Communists defend evil, we cannot depend on the truth to keep us free.

It is fair to tell the people in given circumstances that their ills are due to ignorance; to lack of social consciousness on the part of certain sectors; to inequities in our tax systems; to measures which stifle production and trade; to egotism, thoughtlessness, and selfishness; to interference by the Communists; to deception by the demagogues. But I do not believe it is fair to say that they are due to the international policies of the Government of the United States, or to the policy of the American Republics acting in concert.

The case of the Communists in Guatemala has demonstrated clearly the danger to our freedom which results when thousands of Communists and fellow travelers in all the American Republics coordinate and combine to spread their carefully

devise
nists t
The c

The

The
a docu
Institu
Comm
prepar
the M
isters
the I
sistanc
postpo
Rep
of the
pears

The
Guater
party
munist
cal org
influen
greater
Ameri
The cl
provid
the ad
egy to

The
tuals"
present
versity
and fo
eign en
tor of
social
Ameri
which
ward, c
2 perce
of the
consist
the ma

A la
Europea
may be
mixed b

devised lies, while only a handful of non-Communists take the trouble to find out and tell the truth. The cure for this danger is for decent men to work

as hard to tell the truth as the Communists and their fellow travelers work to spread their lies. That, it seems to me, is the lesson of Guatemala.

The Guatemalan Communist Party

The Department of State on August 7 released a document entitled "Penetration of the Political Institutions of Guatemala by the International Communist Movement." It contains information prepared by the United States for presentation to the Meeting of Consultation of the Foreign Ministers of the American Republics convoked under the Inter-American Treaty of Reciprocal Assistance for Rio de Janeiro on July 7 and later postponed sine die.

Reprinted below is a summary of an analysis of the Guatemalan Communist Party which appears in the document as annex B.

The *Partido Guatemalteco del Trabajo* (the Guatemalan Labor Party—PGR), a Communist party modeled on and guided by the Soviet Communist Party, is the most influential single political organization in present-day Guatemala. Its influence on Guatemalan political life is probably greater than that exercised in any other Latin American country by any local Communist party. The characteristics of its growth and successes provide perhaps the most revealing insight into the adaptation of international Communist strategy to the Latin American environment.

The PGR is a party of young *ladino*¹ "intellectuals" of the lower middle class. Its founders and present leaders are young schoolteachers, ex-university students, journalists, white collar workers, and former employees of United States and foreign enterprises in Guatemala. This was the sector of society most frustrated under the archaic social structure of Guatemala, a small Central American state of some 3,000,000 inhabitants which until after World War II remained a backward, dictator-ridden agricultural country where 2 percent of the landholdings covered 70 percent of the arable land, and over half the population consisted of illiterate Indians living apart from the main currents of twentieth century life.

¹A *ladino* in Guatemala is a person who has adopted European cultural standards (e. g. Western dress) and may be racially a pure Indian as well as a person of mixed blood.

In the intellectually fermenting years of the 1930's and of World War II, many of these intellectuals became attracted to nationalism and Marxism as offering a way out for Guatemala.

The mold of the Guatemalan Communist movement was the 1944 Revolution and the 1945-51 administration of President Juan José Arévalo, a self-proclaimed "spiritual socialist" schoolteacher. The Revolution, which overthrew the last vestiges of the 13-year regime of General Jorge Ubico, originally had the support of all of the middle classes, but its leading element was the lower middle class intellectual group which sought to apply their nationalist and Marxist theories to bring about Guatemala's social transformation. Conscious of inexperience, they relied heavily for direction in labor and political organization on foreigners and Guatemalan exiles who had been involved in Communist activities in Latin America and who flocked to Guatemala after the 1944 Revolution, largely unnoticed by the outside world. These Communist personalities, including such figures as Alfonso Solórzano, a Guatemalan labor lawyer closely associated with Vicente Lombardo Toledano in Mexico, and Miguel Marmol, a Salvadoran labor organizer, educated a younger generation of native Guatemalan "intellectuals" in Communist doctrine by such devices as establishing an indoctrination school in the new national labor federation, disseminating Communist propaganda in the Administration's "revolutionary" political parties, and establishing Marxist "study groups."

Guatemala's post-war Communist party crystallized as a clandestine organization hidden within the Guatemalan "revolutionary" parties and labor unions supporting the Arévalo Administration. According to its present leaders, it was first successfully founded on September 28, 1947, under the name of the *Vanguardia Democrática* as the precursor of the Guatemalan Communist Party which held its first congress two years later. Its leader from 1948 onward was José Manuel Fortuny, then a 32-year-old ex-law student, former radio newscaster, and ex-employee of the British

Legation and of an American company, Sterling Products Inc. At the time, he was ostensibly an officer of the *Partido Acción Revolucionara* (PAR), a leading Administration party. Other probable members of the first clandestine Communist organization were also members of the PAR, the other Administration parties, and the labor unions. On September 28, 1949, a day from which the present Communist party dates its anniversaries, this secret Communist group held its First Party Congress and adopted the name of *Partido Comunista de Guatemala* (PCG). But it was not until May 1950, in the last year of the Arévalo Administration, that Fortuny and his group withdrew from the PAR. The following month they founded a newspaper *Octubre* as the frank precursor of an open Communist party, and at the same time Victor Manuel Gutiérrez, a 29-year-old schoolteacher turned labor leader, founded a Communist-line party under the title of the *Partido Revolucionario Obrero de Guatemala* (The Revolutionary Workers Party of Guatemala—PROG).

When Colonel Jacobo Arbenz, a radical leftist-nationalist Army officer, assumed the Presidency on March 15, 1951, the PCG began to make rapid strides toward becoming an open party. In April, Fortuny began publicly signing documents as "Secretary General of the *Partido Comunista de Guatemala*." In June, on the first anniversary of the newspaper *Octubre*, the PCG held a public ceremony attended by several high government figures and proclaimed its intention to become a legally registered party. In October, Guatemala's labor unions were consolidated into the *Confederación General de Trabajadores de Guatemala* (CGTG) with Gutiérrez, by that time an avowed Communist, as its Secretary General. In January 1952, after a trip to Moscow, Gutiérrez dissolved his PROG and joined the PCG, which shortly thereafter achieved recognition in the *Cominform Journal* published in Bucharest. In October, the party was included with the other Administration parties in the "Democratic Electoral Front" for the impending Congressional elections. In December, the party held its Second Party Congress, changed its name to the *Partido Guatemalteco del Trabajo* (PGT), and was shortly thereafter entered on the Civil Registry as a legally constituted political party.

The PGT, as it thus emerged, is a Communist party modeled on the Soviet Communist Party of the Stalinist era. Its statutes concentrate power in the hands of the Secretary General and the Political Committee whose dictates are binding on subordinate regional party organizations and cells (Basic Organizations) which are scattered through most of Guatemala with the heaviest concentration in the capital.

Statistics on party membership have never been made public, but the best evidence in the spring of 1954 indicates that 3,000 would be a minimum and 4,000 a likely figure. In addition to registered

PGT members, however, there is an indeterminate number of influential intellectual Communists who have apparently not joined Fortuny's PGT and sometimes appear to be quarreling with it on organizational and tactical grounds though not on ultimate objectives.

The PGT leadership, headed by Fortuny as party Secretary General, consists of characteristically young *ladinos* of the lower middle class. The known ages of the eleven-man Political Committee range from Fortuny's 37 to 24, with the exception of one member who is 47. Seven of the eleven were university students or schoolteachers (some with sidelines in journalism or office work) before entering politics, while the remaining four were skilled workers including a printer, a carpenter, and a tailor. There are no pure Indians and none who have been previously employed in industry or transportation.

The party leadership is closely tied to Moscow. Fortuny and at least five others of the eleven on the Political Committee have visited Moscow, and the key personnel of the Communist-controlled labor and "mass" organizations have also been there. There is a constant flow of propaganda material and instructions from Moscow and from the Soviet-controlled international labor and "mass" organizations to Guatemala.

The PGT publicly recognizes its debt to what it terms the "example" of the Soviet Communist Party, and its aims and tactics must be viewed in the framework of the orthodox Communist thesis of the "inevitable victory" of communism throughout the world rather than on the local plane of gaining control of the Guatemalan Government as quickly as possible. In international affairs, the party has emphasized as its first task the "Peace" campaign, which is defined as preventing the harnessing of Guatemala to the "war chariot of imperialism"—i. e. preventing Guatemala from taking its role in the defense of the Western democratic community grouped around the United States. As the corollary in domestic Guatemalan politics, the PGT has announced as its first task the implementation of Guatemala's 1952 Agrarian Reform Law which is designed to transfer much of the country's potential arable land to new small farmers, and as its second the heightening of the struggle against United States "monopolistic" companies operating in Guatemala. These domestic programs tend toward the breakdown of the established order and are thus simultaneously adapted to the immediate objective of weakening Guatemala's position in the Western community and the ultimate objective of preparing the ground for the Communists' coming to power.

The PGT leadership attempts to achieve its objectives largely through indirect influence and control over government agencies, political and labor organizations and Communist front youth, students' and women's pressure groups. In the gov-

ernment, as illustrated by its 1951-54 growth, the party's chief asset is the sympathy of President Arbenz, with whose approval key government posts are filled with party workers and sympathizers. A key instrument is the "National Democratic Front", the formal alliance of the political parties and labor organizations supporting Arbenz, which is dominated by the Communists and has all but replaced the Cabinet as a policy making agency. The National Agrarian Department is the stronghold of avowed Pgr members; the government educational and propaganda systems have been infiltrated with numbers of Communists; and the Guatemalan Institute of Social Security with its large cash income is dominated by Solórzano and his group.

The Pgr's ability to influence the government is greatly enhanced by its control and influence over organized Guatemalan labor which takes in well over 100,000 workers as compared to a total vote in the 1950 presidential elections of 415,000. In the Cerg, the Secretary General is Gutiérrez, head of the Pgr Central Committee's Labor Union Commission. Most of the officers in key positions on the Executive Committee are Pgr members, and the party's control of the organization is effective. To a somewhat lesser extent, the Pgr exerts influence over the *Confederación Nacional Campesina de Guatemala* (CNCG), the national federation of small farmers, tenants, and those organized farm laborers not incorporated in the Cerg. Its principal leaders have been associated with such Communist causes as the "Peace" movement, and its program is closely in line with those of the Pgr.

The principal "mass" organizations which support the party's efforts are the National Peace Committee, whose Secretary General is Mario Silva Jonama, Secretary of the Pgr and head of its Education Commission; the *Alianza de la Juventud Democrática de Guatemala* (AJDG), the youth organization whose Secretary General is Edelberto Torres Rivas, a 1953 visitor to Moscow, and one of whose most influential leaders is Huberto Alvarado, member of the Pgr Central Committee and head of its Youth Commission; and the *Alianza Femenina Guatemalteca* (AFG), the women's organization whose Secretary General is Dora Franco y Franco, a Communist, and one of whose founding members was Sra. de Arbenz. These organizations, with the aid of the Administration parties and the labor unions, have recently set themselves a goal of 125,000 signatures on a "Peace" petition, thus giving an indication of their ability to simulate "mass support" for Communist causes.

The Pgr has thus become in 1954 the most influential single organization in Guatemalan political life, and has established its dominion over the key institutions in Guatemalan political life, with the exception of the Armed forces, which, however, have not opposed communism. The momentum it has achieved indicates further successes

unless there is a change in the world situation or a successful but unforeseeable revolt by the Guatemalan Army or some other group. The party still has a few weaknesses: It still relies to a great extent on the good will of the Guatemalan President and his replacement by one less sympathetic to communism would be a serious blow; it is still faced to some extent with the danger that the Guatemalan Revolution will turn into opportunist un-Communist channels, since the indoctrination of most of the current sympathizers outside of the Party is only superficial; and in the last analysis it is dependent on the international Communist movement for guidance and cohesion and probably could not long survive a major Soviet setback. However, the Pgr has the salient advantage that it alone has the political initiative with the Administration parties tending increasingly to follow in its ideological wake, while the opposition has for the past 18 months increasingly become sterile and ineffectual. Moreover, the path of Agrarian Reform and extreme nationalism on which the Arbenz Administration has hurried has been directed at breaking down the existing order without an immediate substitute, a situation which cannot but enhance the Communist position.

President Urges State Committees To Aid Refugee Resettlement

White House press release dated August 7

On August 7, the first anniversary of the Refugee Relief Act, President Eisenhower asked the Nation's governors to organize local committees to help stimulate the immigration and resettlement of 190,000 victims of Communist persecution, military action, or natural disaster. New York State has already created such committees.

This legislation, urged by the President, became law a year ago, on August 7, 1953.¹ Issuance of visas in volume under the law was begun April 1, and since then more than 8,000 visas have been issued in Italy, Greece, Germany, Austria, the Netherlands, and Japan.

Certain Italian, Greek, and Dutch citizens come to the United States under the Refugee Program under sponsorship of close relatives already here, but 190,000 refugees must be beneficiaries of assurances provided by American citizens that they will have jobs and housing and will not become a public charge. More than 14,000 such assurances have now been obtained, largely through the efforts of private organizations which are cooperating voluntarily in the program.

¹ For articles on the Refugee Relief Program by Frank L. Auerbach see "The Refugee Relief Act of 1953," *BULLETIN* of Aug. 24, 1953, p. 231 and "The Refugee Relief Program: A Challenge to Voluntary Social Agencies," *ibid.*, May 24, 1954, p. 797.

If the program is to continue to function smoothly, and if the maximum result is to be accomplished, there must be a steady flow of assurances. It is primarily to stimulate the procurement of assurances that the President has suggested the establishment of local committees by the governors.

This is the second time within a week that the President has demonstrated his own personal interest in this effort by the United States to share with other free nations in providing a haven for victims of oppression and disaster. On August 3, the President received Mr. and Mrs. Ceza Kapus and their 6-year-old daughter, Eva, the first escapees from behind the Iron Curtain to be brought here under the Refugee Relief Act. The Kapus family made a daring escape from Hungary during which Mrs. Kapus' leg was blown off by a land mine. They crossed into Austria under fire from border guards.

The Refugee Relief Act is administered by Scott McLeod of the Department of State. Cooperating in its administration are the Departments of Defense, Justice, Labor, Health, Education and Welfare, and Treasury, as well as the Foreign Operations Administration, the Intergovernmental Committee on European Migration, and 25 voluntary agencies. The act has a statutory life extending to December 31, 1956.

Following is the text of the President's letter to the 47 governors:

With America's traditional concern for the homeless, the persecuted, and the less fortunate of other lands, one of the first acts passed by your 83d Congress was the Refugee Relief Act of 1953 authorizing the entry into the United States of some 214,000 refugees.

These are men and women of the same character and integrity as their and our ancestors who, generation upon generation, have come to America to find peace and work, to build for themselves new homes in freedom.

Under supervision of the Department of State an almost world-wide organization has been set up to help these refugees from Communist persecution, natural disaster, and military operations. To aid in obtaining the needed sponsorship-assurances for these people, and to assist in the resettlement program, we need your assistance.

It would greatly stimulate the speed and effectiveness of this program if you would consider appointing a Governor's Committee to operate within your state. So that you can give full consideration to our suggestion, I am asking the State Department to forward you a complete Committee Manual explaining the act, functions of the Governor's Committee and other pertinent information.

Your assistance in this great humanitarian program will always be a source of great personal satisfaction and will be a genuine service to many communities within your state.

Sincerely,

DWIGHT D. EISENHOWER

The text of the President's letter to Governor Dewey of New York, who has already established such committees within his State, follows:

DEAR GOVERNOR DEWEY: I have today written to the Governors of each of the other states suggesting that they may wish to appoint committees to cooperate with the Administration in connection with implementing the

Refugee Relief Program of 1953. I have not addressed the letter to you because you have already created such a committee and I understand that Commissioner Corsi has already had a meeting with the Administrator of this Program, to the mutual satisfaction of both of them.

I congratulate you on undertaking this work to stimulate the flow of assurances and to aid in the resettlement of these immigrants. I hope you will let Commissioner Corsi know how much we appreciate the cooperation extended by him and his associates.

Sincerely,

DWIGHT D. EISENHOWER

East Germans Accept Offer of U.S. Aid for Flood Victims

Note From U.S. High Commissioner

HICOG press release dated July 30

Following is the text of a note sent on July 30 to the Soviet High Commissioner for Germany, Georgi Pushkin, by U.S. High Commissioner James B. Conant, quoting a statement by President Eisenhower offering aid to the victims of flooded areas in the Soviet Zone of Germany:

DEAR MR. HIGH COMMISSIONER: I have been instructed to bring to your attention the following statement made on July 29, 1954, by the President of the United States of America:

[Here followed President Eisenhower's statement of July 29.]¹

In accordance with the above statement, my staff will hold itself ready to discuss the means by which assistance of the type referred to can be made available to the people of the Soviet Zone of Germany.

Sincerely yours,

JAMES B. CONANT
United States High Commissioner
for Germany

Soviet Acceptance

The Department of State announced on August 6 (press release 426) that Ambassador Conant had received the following note from Mr. Pushkin with an enclosure from Otto Grotewohl, Minister-President of the so-called German Democratic Republic:

AUGUST 5, 1954

DEAR MR. CONANT, In acknowledging receipt of your letter of July 30, I advise that I have informed the Government of the German Democratic Republic of the contents of this letter.

The Government of the German Democratic Republic has asked me to transmit to you the enclosed reply to the question raised in your letter.

Sincerely,

PUSHKIN

¹ For text see BULLETIN of Aug. 9, 1954, p. 197.

Enclosure

The Government of the German Democratic Republic thanks the President of the United States of America for the offer in his declaration of July 29, 1954 to lend assistance to population of the areas of the German Democratic Republic affected by the flood.

The Government of the German Democratic Republic declares its readiness to accept this offer. In this connection it is assumed that it will be possible to explore further question of the forms of assistance and associated organizational measures. With expressions of highest esteem,

O. GROTEWOHL

BERLIN, August 5, 1954

TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA²

U.S. Rejects Polish Charges Concerning Attack on Ships

Press release 425 dated August 6

The United States Embassy at Warsaw on August 6 delivered a reply to the Polish note of July 31, 1954 alleging that American military aircraft fired on two Polish merchant ships near the island of Hainan on July 26. The U.S. note stated:

The charges contained in the Polish Government's note are completely untrue and are therefore categorically rejected by the United States Government. The pertinent facts are set forth below.

This Government had previously announced that American planes were searching in the vicinity of Hainan on July 26 in the hope of rescuing survivors among the victims of the incident in which a British commercial airliner was brutally shot down by Chinese Communist planes on July 23. Three Americans were killed and three others wounded as a result of that Chinese Communist assault. While the American planes were engaged in this welfare mission over the high seas on July 26, they were attacked by two Chinese Communist fighter aircraft. The Americans returned the fire and the two Chinese Communist planes were shot down. No American planes fired on any vessel or ship of any kind, Polish or otherwise, in that area.

Evacuating Refugees From North Viet-Nam

Press release 431 dated August 8

On August 6 the U.S. Government received from the Government of Viet-Nam a request that the

¹ On Aug. 6 White House Press Secretary James C. Hagerty stated that the President was gratified that his offer of emergency food supplies extended on behalf of the American people to the suffering people in flood areas in Europe had been accepted by East Germany and that representatives of the League of Red Cross Societies were getting in touch with responsible officials in the Soviet Zone of Germany to work out details.

United States provide assistance in moving over 100,000 refugees from North Viet-Nam, the area which is being turned over to the Viet Minh, to South Viet-Nam areas under control of the anti-Communist government of Viet-Nam. The United States on August 8 replied as follows:

The United States Government desires to extend to the Government of Viet-Nam all reasonable assistance to evacuate from areas defined in the cease-fire agreement its nationals who understandably are unwilling to face the grim certainties of life under the Communists. The United States is well aware that mere removal does not solve the problem for such people or for the Government of Viet-Nam. The United States is also prepared to provide as far as possible material help needed to enable refugees from Viet Minh domination to resume existence under their chosen government with maximum opportunity to add to the strength of that government through their own efforts.

The American Embassy will continue close cooperation with the Government of Viet-Nam to ensure that United States assistance is made effective in meeting the needs of the Government of Viet-Nam and its people. The United States will expect the maximum cooperation of the Government of Viet-Nam in working to this mutual end.

Demand for Redress for Americans Killed and Injured Near Hainan

The Department of State announced on August 4 (press release 420) that the British Chargé d'Affaires at Peiping had sent the following note on that day to the Chinese Communist Foreign Office:

"The United States Government makes further reference to the incident of the shooting down by Chinese Communist military aircraft of an unnamed commercial aircraft of the British Cathay Pacific on July 23, 1954 over the high seas. The Chinese Communist authorities have admitted responsibility for this illegal and wrongful act.¹ Inasmuch as six United States citizens were passengers on this aircraft, three of whom were killed and three others injured as a result of this illegal attack, the Chinese Communist authorities cannot, under established international law, dispose of their responsibility to make compensation to the United States Government by asserting, as they

¹ For statements by Secretary Dulles on the incident, see BULLETIN of Aug. 2, 1954, p. 165 and Aug. 9, 1954, p. 196. For texts of two *aide mémoire* delivered on behalf of the United States on July 27, see *ibid.*, Aug. 9, 1954, p. 196. As in the case of the *aide mémoire*, the Chinese Communist Foreign Office returned the Aug. 4 note to the British mission later the same day.

August 16, 1954

241

have done, that the matter is one between the Chinese Communist and British Governments to be settled through diplomatic channels. The United States Government reiterates its demand that the Chinese Communist authorities (1) declare the measures that will be taken to guard against repetition of such attacks, including the appropriate punishment of all persons having responsibility for the criminal attack, and (2) make provision for the compensation of the United States nationals who were injured and for the families of the United States nationals who were killed in this wanton attack."

The U.S. Government, in its note delivered at Peiping on August 4, deemed it necessary to invoke universally recognized rules of international law for protection of interests of U.S. nationals as well as U.S. Government interests. Although the aircraft was British, six passengers were U.S. citizens, and the killing of three and the injury of the remaining three by the Chinese Communists constitute a wrong to the United States and its citizens in violation of international law that must be and is protested by the United States and for which the United States demands redress.

Advisory Group To Study Economy of Formosa

Director of Foreign Operations Harold E. Stassen, at the request of the Government of the Republic of China, has appointed a special Economic Advisory Group to make a study of major aspects of the economy of Formosa, the Foreign Operations Administration announced on August 2.

The six-man group, which includes a director, an assistant, and four economic and financial authorities, will leave for Formosa by air on August 6. They expect to arrive at Taipei on August 10.

The group's study will deal with fundamental economic problems affecting Formosa, rather than with the Foa program specifically. It will function in an advisory capacity to the Chinese Government, reporting directly to Prime Minister O. K. Yui of China.

Roger Steffan, until recently a member of the White House staff, will go to Formosa as director of the Group and will remain as economic adviser to the Foa Mission in Taipei to assist with the development of economic plans for Formosa. Peter Amos Reinertsen, executive secretary, and the four specialists—William Kress Schmelzle, L. Werner Knoke, John Valentine Van Sickle, and John Newton Peyton—will serve as consultants.

In December 1949, the Chinese Nationalist Government and the remaining units of its armies totaling some 600,000 men moved from the mainland of China before the advancing Communist hordes to establish headquarters on Formosa. The island was confronted with the problem of supporting its own rapidly increasing population of 7 million, plus the large military establishment and the influx of mainland refugees, whose number grew to 1.5 million. This burden was imposed on an agricultural system just beginning to revive after the twin blows of World War II and the abrupt separation of its habitual ties with the Japanese economy.

The United States went to the aid of Free China, providing economic, technical, and military assistance. Formosa has been transformed from a defenseless and economically prostrate island into a country with an ever-growing capacity to produce the goods of both peace and war. The country is now in the 2d year of a 4-year program aimed at the island's becoming self-supporting through increases in agricultural and industrial production. Since the Chinese Government moved to Formosa in 1949, U.S. economic and technical aid has totaled \$428.8 million.

Credit to Bank of Japan for Purchase of U.S. Cotton

The Export-Import Bank of Washington announced on July 26 that it has authorized a credit of \$60 million in favor of the Bank of Japan to finance the purchase and export to Japan of cotton of United States growth. This is the fourth credit of this type to be authorized in favor of the Bank of Japan since 1951, the total of the four credits amounting to \$200 million. Drafts issued under previous lines have been met promptly and often prior to maturity.

At current market prices approximately 330,000 bales of cotton can be financed by the credit, which will be available through July 31, 1955. The cotton will be sold through commercial trade channels and financed by letter of credit.

In recent years, Japan has been the largest market for U.S. export cotton. During the 1953-54 crop year Japan has taken 950,000 bales of U.S. cotton or approximately 25.7 percent of total exports from the United States which will reach an estimated 3,700,000 bales by July 31, 1954.

Principles of Collective Security

STATEMENT BY JAMES J. WADSWORTH¹

U.S./U.N. press release 1944 dated August 4

The United States now wishes to submit formally to the Collective Measures Committee as a working paper a statement of certain principles of collective security which has previously been circulated to committee members on an informal basis. The affirmation of these important principles by the committee and by the General Assembly should help to develop the determination among states so essential to any future United Nations collective measures against aggression.

I would like to add, Mr. Chairman, that in this working paper we find language which is by no means rigid. The attitude of our delegation is that any suggestions which may be made by members of the committee for the improvement of this paper will be welcomed and will be given the most careful consideration. We have already received from some delegations informal suggestions as to changes in wording. Most of these are acceptable to the United States. The fact that the working paper is being circulated to you today in exactly the same form that it was circulated to you previously does not mean that there is any rejection on the part of my delegation of the suggested changes that have been made by certain other delegations here, and it is our hope that as soon as possible we may meet informally, perhaps, and work out the changes so that a text fully acceptable to all members may be arrived at.

Under the mandate of the General Assembly, this committee is responsible for examining objectively the ways and means by which the United Nations collective security system can be strengthened. It is not our objective to plan against any specific aggressor or at any specific spot or area of the world. Our task has been and remains to assist members in preparing themselves to deter or suppress aggression wherever and whenever it may occur.

I believe that the members now have before them the United States working paper to which I have

referred. If the principles embodied in it are wholeheartedly applied by members of the United Nations in conjunction with other suggestions made in the previous reports, which you, Mr. Chairman, have just mentioned, future collective measures under the aegis of the United Nations are more likely to be taken promptly and to be applied and coordinated effectively by the greatest possible number of states.

Principles 1 through 4 seek to emphasize the importance of maximum participation and fair distribution of burden among the largest possible number of states.

In our view, it is important for all states to give continued consideration to the further preparatory steps which they might take to place themselves in a position of readiness should future United Nations collective measures be recommended by the appropriate bodies.

The steps to be taken have been made clear by the Uniting for Peace and subsequent General Assembly resolutions. States are urged to maintain elements within their armed forces for possible United Nations service. They are urged to place themselves in a position to make available assistance, facilities, and related rights to United Nations forces engaged in collective measures. They are asked to consider, pursuant to the General Assembly recommendation of 1952, whether their laws and administrative arrangements now permit a full response to a United Nations call for collective action.

Lesson of Korea

These principles are derived from the valuable lesson learned in Korea. In Korea a substantial contribution was made militarily by 15 other members of the United Nations, which contributed the equivalent of two divisions to the fighting forces; and also by 45 states which either made contributions of a nonmilitary nature or which joined in the United Nations strategic embargo against the aggressor. But in spite of all this, it was not possible in the Korean action for the burdens of collective resistance against aggression to have been shared equally.

¹ Made before the Collective Measures Committee of the U.N. General Assembly on Aug. 4. Ambassador Wadsworth is deputy U.S. representative to the United Nations and U.S. representative in the Collective Measures Committee.

Mr. Chairman, there are a number of reasons why some free world states did not actually contribute military forces or made only limited contributions in support of that action. Some had important commitments which were and still are protecting certain crucial areas of the free world. Others could not make a contribution, or were limited to token contributions, because of economic incapacity. And certain nations were willing to contribute manpower but were not in a position to train their forces, provide them with arms, or to maintain them with the needed logistic support in the field. Nations with available manpower, but with no mechanical equipment and no shipping, could not undertake to equip or transport their own troops. Nor could these nations make reimbursement for the logistic support of their troops. This inevitably had a discouraging effect on troop contributions in Korea.

Now the whole question of encouraging greater participation and more military contributions in the event of a future United Nations collective action has been given careful and serious consideration by the United States Government and by President Eisenhower himself. Let me outline briefly to you the President's policy, which is embraced in particular by principle 3. This policy provides that, while in principle each nation involved in a United Nations effort to repel aggression should equip and supply its own forces to the extent that it is able, the overriding consideration should be the maximum contribution of effective military forces. In the future when any such nation is willing to contribute effective forces to a collective action under the aegis of the United Nations but is not able to provide logistic support, we believe that United Nations members should do everything they can, in accordance with their constitutional processes, to see to it that needed military equipment, supplies, and services are made available to such nation. The United States will do its part.

This principle should give tremendous impetus to the development of collective security. It would help United Nations members to contribute to the common effort in accordance with their own capabilities and facilities and resources. We hope this new policy will encourage more free nations to assume their fair share of the burdens of collective measures. We hope that it will stimulate nations to greater preparedness efforts so that they will be able to participate promptly and effectively in any future collective measures. The more effectively free nations build and unite their strength to maintain international peace and security, the less likely it is that world peace will be challenged. The pages of history are littered with the almost forgotten names of nations which were swallowed up because they were not ready to resist.

Regional Arrangements

I should also like to comment briefly on principle 5 of our working paper, which has reference to regional arrangements or agencies and their relation to the United Nations collective security system.

As we see it, the problem of collective security is global and a combination of measures is required. Regional arrangements have been developed to an extent which was not fully envisaged at the time of the San Francisco conference primarily because of the threat of aggression in the world today as compared to then. These are not intended as substitutes for the United Nations system of collective security but rather are an integral part of a universal system.

The importance of this principle is illustrated by the current efforts being made by a number of countries to organize a Southeast Asian Treaty Organization. It is our earnest hope that, in common with other regional organizations under the charter, this would contribute measurably to preventing an outbreak of aggression in a specified area. And if it should ever become necessary for such an agency to take action consistent with and in support of the charter against aggression, we would hope that all appropriate steps would be taken in the United Nations to provide support for such action.

Principle 6 stresses the importance of collective economic and financial measures against aggression. It underscores the importance of mutual assistance in the application of collective measures. It also makes reference to the list prepared by this committee of arms, ammunition and implements of war and of other strategic items.² This is another timesaving device now available to the United Nations to speed up the effectiveness of any embargo which may be called for by the Security Council or the General Assembly.

In our view, Mr. Chairman, it is important that the Collective Measures Committee continue to be available to examine ways and means in which the capabilities of the United Nations can be strengthened. It should be available to receive and examine such information as may be submitted to it by states regarding their own individual preparations or by groups of states. While there does not appear to be any compelling need at this time to pursue further any detailed studies, we believe the committee should be available to encourage states to carry on their own advance preparations upon request. It may be that at some time the Collective Measures Committee may be called upon to carry forward some of its studies or undertake additional ones in order to keep pace with the new developments. The committee could

² Annex H of the report of the Collective Measures Committee to the Seventh Session of the General Assembly (U.N. doc. A/2215).

from time to time report to the General Assembly if in its judgment such a report would be useful. It is our earnest hope that there will be included in this year's report to the General Assembly a recommendation for the committee's continuance on this standby basis.

Finally, the United States Government believes that it is essential that the United Nations work successfully in all its aspects in accordance with the purposes and principles of the Charter. A strong collective security system is necessary, but, by the same token, full use of the processes of pacific settlement is also essential if the tensions of the existing world are to be eased. In our belief, a strong United Nations collective security system should facilitate peaceful settlement procedures and assist the United Nations in its numerous and necessary functions.

TEXT OF U.S. WORKING PAPER

U.N. doc. A/AC.43/L.3 dated August 4

1. In considering what the Collective Measures Committee might usefully do in furtherance of the objective of strengthening the capability of the United Nations to maintain international peace and security, it was realized that considerable progress has already been made by the Committee. In the two previous reports the Collective Measures Committee sought to analyze the hard lessons of the Korean experience in the hope that the United Nations can be developed into a more effective agency for resisting aggression collectively. A wide range of political, economic and military collective measures were considered by the Committee to be practicable. The studies made by the Committee, which are now available "on the shelf" of the United Nations, may assist in reducing in a future collective action the amount of improvisation necessary in organizing the collective effort in Korea. Noteworthy also are the efforts made by the Collective Measures Committee to stimulate preparations on the part of all states enabling them to participate and to support future United Nations collective resistance against aggression.

2. It may well be that at some time the Collective Measures Committee should carry forward some of its studies or undertake additional ones in order to keep pace with the new developments which may occur in the field of

collective security. At this juncture we believe that an affirmation of certain important principles of particular relevance in the execution of collective measures, by the Committee and the General Assembly, will help to develop the will and determination among states which is essential if any future United Nations collective measures which are undertaken are to be effectively and equitably applied.

3. Accordingly, the following principles of collective security are submitted for the consideration of the Collective Measures Committee in the hope that their endorsement by the Committee and the General Assembly may contribute in some measure to the strengthening of the concept of collective security under the aegis of the United Nations.

1. In principle, when the United Nations undertakes action against aggression, the greatest possible number of States should make effective military contributions to the collective effort, in accordance with their individual capacities and resources.

2. While it is essential that United Nations collective military action be supported by every effective type of assistance, a primary objective should be to secure the maximum contribution of effective military forces.

3. To this end, States supporting United Nations collective measures should seek to maximize effective military contributions not only by their own contribution of forces but also by helping to provide logistic support to States desiring to participate but unable to provide for the equipment, training of or supplying of their own forces.

4. In the event of collective measures undertaken by the United Nations against aggression, States should endeavour to make available ancillary support for the benefit of forces of countries participating in such measures. Such ancillary support should include, where possible, necessary rights of passage through or over territory of the country concerned and related rights and facilities.

5. Collective self defence and regional arrangements of agencies constitute an important part of the United Nations collective security system. When action is taken against aggression consistent with and in support of the Charter by collective defence agencies, it is important that all appropriate steps be taken in the United Nations to provide support for such collective action.

6. The importance of collective economic and financial measures against aggression for the purpose of assisting the victim and co-operating States is reaffirmed. The availability to the Security Council and the General Assembly of the arms embargo list and the list of strategic items prepared by the Collective Measures Committee is noted as well as its utility in expediting the application of any future embargo which the United Nations may decide upon or recommend.

Removal of Obstacles to International Trade

Statement by Preston Hotchkis

U.S. Representative on the U.N. Economic and Social Council¹

At the end of World War II, many countries faced difficult problems of readjustment, particularly in the field of international trade. The prewar network of trade and payments was disrupted. The war had brought inflation to many countries with its attendant unfavorable effects on international trade. The inadequacy of production in the years immediately after the war in many parts of the world created complex international payments problems.

As the postwar period advanced, encouraging progress was made in re-creating conditions favorable to greater international trade. While important problems still remain, significant gains have been registered. Total production and consumption rose to new record levels. In many countries, inflationary pressures which plagued them during the immediate postwar period and again during the hostilities in Korea were eliminated or tended to disappear. Disequilibrium in international transactions was reduced to the point where a considerable reduction of restrictions and impediments to the free international exchange of goods was made possible. A substantial expansion in the volume of international trade has taken place since the war. In fact, international trade reached record heights in 1953, as the Secretary-General pointed out in his World Economic Report.²

In our own country, a major objective of our postwar policy has been the restoration of a system of genuine multilateral trade. The American people have cooperated in this task in many ways. For example, they supported the creation of international organizations, such as the International Monetary Fund, to provide a framework within which problems relating to international trade could be dealt with in orderly fashion. Through our foreign aid programs we assisted in

expanding the volume of international trade. We participated with other countries in a series of postwar negotiations which significantly reduced tariffs on a long list of commodities.

More recently, our President recommended additional measures to encourage foreign sales in the United States. These include simplification of customs procedures for goods entering the United States, the renegotiation of the General Agreement on Tariffs and Trade with a view to making it a stronger instrument of international cooperation to create a better system of world trade, and a further extension of our Trade Agreements Act, which gives the President authority to negotiate reciprocal tariff reductions.

The most important general contribution which we can make to expanding international trade is to give full play to the dynamism of our free economy and thereby to maintain its long-term vigor and growth. A high level of economic activity in the United States is naturally reflected in a high level of demand for goods and services from abroad.

Today, trade and payments are, in general, less burdened with restrictions than at any time since World War II. Many countries have strengthened their internal financial stability, their international competitive ability, and their gold and foreign exchange reserves. Convertibility now appears to be a practical possibility for several important currencies. While the initiative in this matter must come from the countries directly concerned, we are prepared to support appropriate actions in the direction of reestablishing convertibility of their currencies. At an appropriate time we are prepared to give our support in the International Monetary Fund for the use of its resources as a secondary line of reserves for a country undertaking currency convertibility. Through the GATT and the Fund, and in bilateral negotiations, we will continue to work for the further abolition or reduction of barriers to international trade and payments as rapidly as possible.

¹ Made before the Economic Committee of the Council at Geneva on July 20 (U.S./U.N. press release 1945 dated Aug. 5).

² U.N. doc. E/2560.

East
I
of t
two
coun
In
of
mat
Eas
regi
men
trad
coun
over
prom
dipl
of e
mat
In
ern
in t
posi
good
Sovi
of t
us b
of c
coun
wide
tegie
para
Unio
D
neces
tries
oper
Sovi
nate
after
agai
dent
fami
M
in e
of th
trad
actu
cons
men
tries
expa
good
expa
an ec
Sovi
Sc
not c
peac
(I a
Com
an a

East-West Trade Relations

I should like now to speak on a special aspect of this subject—the question of trade relations between the countries of the Soviet bloc and the countries of the free world.

In doing this I would like first to recall a bit of comparatively recent history to help place this matter in proper perspective. Soviet talk about East-West trade is almost as old as the Soviet regime itself. Periodically, the Soviet Government has preached its great interest in expanding trade between the Soviet Union and the other countries. Almost as soon as the Soviets took over the government of Russia, they began using promises of expanding trade as a lure to obtain diplomatic objectives. However, these promises of expanding trade either never materialized or materialized in very limited fashion.

In recent years, the continuing growth of Western economies, the development of Western unity in the face of sinister Soviet policy, and the imposition of restrictions on the export of strategic goods to countries of the Soviet bloc have led the Soviet Union once more to resort to this same kind of talk. Now the Soviet Government would have us believe that it is practically the sole exponent of expanding international trade, that other countries are not interested in developing worldwide trading relationships, and that Western strategic trade controls are responsible for the comparatively low level of trade between the Soviet Union and the rest of the world.

During the past few years, it has of course been necessary for the United States, and other countries, to take certain security measures on a co-operative basis with respect to trade with the Soviet Union and the countries which it dominates. However, these controls were imposed only after the aggressive intentions of the Soviet Union against the Western countries became clearly evident through a long series of actions which are familiar to all of us.

Moreover, such strategic trade controls as are in effect today apply to only a small proportion of the types of goods which entered into East-West trade in the prewar years or in 1948. There is actually a vast range of commodities useful for consumption and peaceful industrial development which may be freely exported to these countries. If the Soviet bloc genuinely desires to expand its trade with Western countries in these goods, Western controls are not an obstacle to the expansion of such trade. There has never been an economic blockade of the Soviet Union, as some Soviet speakers have charged.

So far as the United States is concerned, we do not object to, and never have objected to, trade in peaceful goods with countries of the Soviet bloc. (I am not, of course, speaking here of trade with Communist China, whose regime has been declared an aggressor by the United Nations.) As it hap-

pens, our trade with the Communist countries of Eastern Europe has never been large. Our trade with the Soviet Union itself over a long period amounted to only about 1 percent of our total trade. This low level of trade prevailed even before World War I and may be explained on purely economic and geographic grounds.

Actually, the most important obstacles to the expansion of East-West trade in the postwar period have stemmed from the policies of the Soviet bloc and the conditions which developed as a result. These include such factors as the deliberate mobilization of the human and natural resources of Eastern Europe into a pattern designed to serve the purposes of the Soviet Union, the refusal of the Soviet Union to cooperate in constructive efforts to rebuild the European economy after the war, and the inability of the Soviet bloc to provide the exports with which to pay for the goods it wishes to import from Western countries. Other delegations have mentioned other elements which act as dampers on the expansion of East-West trade.

We have heard appeals from the Soviet representative for the expansion of trade as a basis for "peaceful co-existence." Mr. Chairman, the people of the United States cannot forget for a moment the vital need to keep open all roads to a sounder basis for world peace. But let us not be misled. International trade of itself cannot and does not automatically and inevitably lead to peace. We have only to recall, for example, the activities of Nazi Germany, which continued to expand its foreign trade right up to the outbreak of World War II. Trade is not necessarily a road to peace unless all parties concerned want to make it so. And whenever the Soviet bloc demonstrates by its actions that it is genuinely interested in achieving a lasting peace, then the Western countries will be in a position to decide that it is no longer necessary to deny the Soviet bloc items of strategic importance.

Two Resolutions Submitted

Before concluding, I should like briefly to indicate our views on the two resolutions which have been submitted under this item.³ First, any resolution adopted by the Council on this subject should recognize the fact that, during recent years, there has been a considerable expansion of international trade. Moreover, any recommendation to governments concerning further action to facilitate trade—if it is to be a realistic recommendation—should avoid such unqualified and, therefore, ineffective language as "remove obstacles hampering the development of trade relations," which appears in the first operative paragraph of the Soviet draft resolution.

³ U.N. docs. E/L. 613/Rev. 2, submitted by the United Kingdom, and E/L. 614/Rev. 2, submitted by the U.S.S.R.

The Soviet resolution would also instruct the Secretary-General to convene an international conference of government experts for the "purpose of formulating recommendations for developing international trade." This proposal does not seem to us to be practical. The Council is now engaged in considering and formulating recommendations on the very matter for which the Soviet delegation would have the Secretary-General convene a special conference. There is no indication that such a conference would be able to do anything that could not be accomplished through the regular channels of the United Nations.

In this connection, I note that the question of removal of obstacles to international trade was first suggested for the Council's agenda by the Soviet Union in February of this year—that is 5 months ago. Yet the Soviet delegation has advanced for the Council's consideration substantially the same recommendations as it urged in the Council one year ago when the Council was considering the subject of full employment—that is, that countries should "adopt measures to promote normal trade development" and "remove obstacles hampering the development of trade." Can we really expect that at this time anything more fruitful would come out of a special conference such as that proposed in the Soviet resolution? The fact of the matter is that any substantial reduction of impediments to trade can only come about through the decisions and actions of individual governments taken in the light of existing circumstances, and not as a result of sweeping recommendations having little relation to reality. That is why we feel that a study by the Secretariat of the kind proposed in the United Kingdom resolution may be helpful in pointing out to governments various problems still to be considered and dealt with in this field.

If in the future any member of this Council has further proposals to make in this field, the Council, I am sure, will always be ready to consider them. If it is felt desirable to deal with this matter in a body of global scope, we have the General Assembly of 60 nations. Furthermore, as other representatives have pointed out, there are already in existence various international bodies concerned with particular aspects of the problem of facilitating international trade, membership in which has been open to all countries.

As I have stated, the real key to the level of East-West trade is the policy of the Soviet Union itself. The Government of the United States

will always welcome opportunities to expand international trade—but not at the price of its national security or the security of other free nations. The degree to which the Soviet Union and the countries of the Soviet bloc genuinely desire to join the family of free trading nations must be measured by the extent to which they demonstrate by actions their readiness to become good neighbors in the world community. It cannot be measured by the staging of spurious conferences.

We will, therefore, vote against the resolution of the Soviet Union, and we will vote in favor of the resolution of the United Kingdom.*

Confirmation of Delegates to Ninth General Assembly

The Senate on August 7 confirmed the following to be representatives of the United States to the ninth session of the General Assembly of the United Nations, to serve no longer than December 31, 1954:

Henry Cabot Lodge, Jr.
H. Alexander Smith
J. W. Fulbright
C. D. Jackson
Charles H. Mahoney

The following were confirmed to be alternate U.S. representatives for the same period:

Roger W. Straus
James J. Wadsworth
Mrs. Oswald B. Lord
Ade M. Johnson

* The Economic Committee on July 29 adopted the U.K. proposal by a vote of 16-0, with Czechoslovakia and the U.S.S.R. abstaining; on Aug. 4 the full Council adopted it unanimously.

The resolution requests the Secretary-General to include in his next World Economic Report an analysis, prepared in consultation with appropriate international bodies, of factors tending to limit the expansion of international trade and to include in such an analysis a study on a global basis of the problem of promoting the development of trade within all various geographical and currency areas. In preparation of the analysis, the Secretary-General is to make use of the valuable work being done by experts under the auspices of the U.N. Economic Commissions.

The resolution further urges governments to take all practicable steps to facilitate a further expansion of mutually beneficial international trade. The question, under the terms of the proposal, will be considered again at the 20th session of the Council.

Programs for Overseas Construction and Offshore Procurement

Following is the text of a letter from Secretary Dulles to Senator Carl Hayden of Arizona. Senator Hayden had requested the Department's comments on a circular letter making certain charges against U.S. programs for construction of overseas bases and for offshore procurement. The circular had come to his attention after it had been distributed to labor organizations throughout the United States.¹

JUL 20 1954

DEAR SENATOR HAYDEN: I am replying to your letter of June 8, 1954, concerning a number of allegations made by Mr. James H. Dillon about overseas construction projects and the off-shore procurement program.

The circular published by Mr. Dillon is critical of three separate and distinct programs carried on by the United States Government. The first is the program of constructing overseas military installations for use by American forces. The second is the program, undertaken in cooperation with our NATO allies, of building bases and other military facilities for common use by American and allied forces. The third is the off-shore procurement program.

These three programs have been designed and authorized by the Congress to serve different purposes, and they are administered in different ways. The Department of State has no operating responsibility for any of them. We are concerned essentially with the development of broad policies under which the programs are to be carried out, and with the conduct of relevant negotiations with foreign governments. However, in view of the numerous factual errors and misrepresentations of policy embodied in the circular under reference, I welcome the opportunity to explain the policy considerations upon which these programs are based.

Our program of building bases and other military facilities in foreign countries for use by American forces is directly and intimately related

to the defense of the United States. These installations are essential if our naval and air forces are to be in a position to retaliate effectively against aggression and to halt an enemy attack with minimum damage to the United States itself. To obtain the right to construct and use the needed facilities, it is necessary that we negotiate agreements with the governments of the areas concerned. One issue which arises repeatedly in such negotiations is the question of what contractors and construction personnel will be used to do the work on these installations.

Mr. Dillon has asserted that it is the policy of the Department of State to make agreements which will deny Americans the opportunity for jobs on overseas construction projects. This assertion is false. Actually, it is the policy of the Department to negotiate arrangements with foreign governments which will permit the widest possible use of American contractors and construction personnel on military installations abroad which is consistent with the prompt, efficient and economical accomplishment of the work. The superior efficiency of skilled American laborers and technicians is fully recognized, and the Department has consistently sought to obtain maximum authority to employ American personnel.

This policy has shown practical results. While we have no record of all the work undertaken by American firms, it is known that American firms and personnel actually have been engaged on a number of military construction projects abroad.

I am sure you will understand that it has not always proved possible to negotiate arrangements as favorable in respect to the employment of American firms and personnel as those hoped for. Our principal objective has been to obtain and establish as rapidly as possible the military installations which are vital to our national security. The governments of the areas concerned are sovereign governments. They cannot be compelled to provide bases for United States forces. Nor can they be compelled to let American personnel do the work on the bases they are willing to give us. Some of them have economic problems far more serious than our own. Some of the citizens in these countries object to the very principle of permitting foreign governments to build military

¹ The Secretary's reply, together with letters from Director of Foreign Operations Harold E. Stassen and Assistant Secretary of Defense Fred A. Seaton, is available as S. Doc. 149, 83d Cong., 2d Sess.

August 16, 1954

installations on their territory. These objections would be greatly magnified if the United States should insist stubbornly upon the exclusive use of American personnel in the construction work. Our negotiators have had the task of making the best of these difficult circumstances. On the whole, they have done well. But there have been several instances in which they have had no real choice but to agree to permit local construction firms and workers to do the work. The alternative was to abandon the effort to acquire the bases themselves, or to accept the grave risk of prolonged delays in obtaining the facilities so vital to our national security.

The second program criticized by Mr. Dillon is the NATO air base program. Those NATO installations are not United States facilities and are not financed solely by the United States. They are developed for common use by the forces of all NATO countries and are jointly financed by these countries. Since the NATO program is under international direction, the United States Government does not have authority to let contracts for these facilities. However, the United States Government has sponsored and recently secured NATO agreement on the adoption of a system of international competitive bidding for construction contracts. This arrangement will make it possible for American companies to compete equitably with firms from other participating countries.

The third program subjected to criticism is the off-shore procurement program. This program involves the purchase of military equipment and supplies, paid for by the United States but produced in other countries. To understand the off-shore procurement program, it is necessary to recall that the United States has been engaged for several years in providing equipment to strengthen the military forces of allied nations, so as to increase the total defensive power available in the free world to resist Communist aggression. Most of this equipment has been and is now being produced in the United States. However, there are multiple advantages in letting allied countries produce a part of this equipment. Certain items can be produced more cheaply abroad than in the United States, thus bringing a net saving to the American taxpayer. Certain items can also be produced and delivered more quickly. The costs and difficulties of transport are reduced. Multiple sources of supply and maintenance are assured, thus improving the ability of allied countries to maintain their forces at peak strength and to repair and replace their equipment after United States deliveries have been completed. Moreover, the off-shore procurement program has enabled certain allied countries to develop a larger and more balanced military production system, thus expanding the mobilization potential of the free world as a whole and providing on-the-spot sources of supply in case of a military attack against Europe.

One secondary effect of the off-shore procurement program has been to permit allied countries to earn American dollars by producing military goods. These dollar earnings have helped allied countries to balance their payments with the dollar area and have thereby enabled them to bear the economic burdens of their own national defense programs with decreasing reliance upon economic grants from the United States. Once it is recognized that economic balance is the essential prerequisite of effective allied defense efforts, it becomes evident that it is to our national interest to permit them to achieve this balance by earning the dollars they need rather than by receiving these dollars as a "hand-out".

There is no justification for any suggestion that the off-shore procurement program involves discrimination against American businessmen and workers. During the past five years, this program has accounted for only 2½% of the total procurement of military equipment by the United States Government. It is less than one-tenth of 1% of the gross national product of the United States. One of the basic criteria for the selection of items to be included in the offshore procurement program has been that such procurement shall not have "serious effects on the United States economy, employment or industrial mobilization". So long as this standard is followed, there is overwhelming evidence that the United States gains far more than it loses from the off-shore procurement program, both strategically and economically.

While the specific aims of the foregoing programs differ, they are alike in the respect that all are needed to protect the security of the United States. So long as the Communist threat exists, this must remain a paramount concern of the United States Government. Our security objectives cannot be fully realized without certain carefully-considered military expenditures in foreign countries. At the same time, it is our policy to plan and carry out these expenditures in such a way as to minimize the burden on the American taxpayer and to avoid unnecessary strain upon the American economy.

It appears that the principal objection to the programs described is the fact that they permit friendly foreign countries to earn American dollars as a consequence of cooperation in mutual defense programs. This objection might be more deserving of attention if there were evidence of genuine injury to American economic interests, or if we had no concern with economic trends in other parts of the world. But the facts are otherwise.

This country has a profound interest in the economic health of its friends and allies abroad. Without economic stability, these nations will be unable to maintain the military forces which are needed to protect this country as well as their own countries. Without a sound economic structure, they stand in constant danger of falling vic-

tim to Communist subversive influences. Finally, economic weakness abroad directly injures the American farmer, worker and businessman because it limits the capacity of foreign nations to purchase American goods.

Virtually every dollar acquired by other free nations, whether in trade or other earnings, eventually returns to this country in payment for American goods and services. These purchases keep many American enterprises in business and provide jobs for many American workers. Loss of these markets could not fail to produce ill effects throughout our national economy. In fact, the development of a serious unbalance in the international accounts of our European allies might set off a downward economic spiral which would cause a loss to American business far greater in amount than the sums which Europe is now earning through cooperation in our security programs.

This fact alone, of course, would not justify asking the American taxpayer to support the programs I have described. Their true justification is found in their contribution to American national defense. Nevertheless, the beneficial effects upon our domestic economy should not be discounted. It would be dangerously short-sighted

for us to risk the disintegration of our entire collective security program by withholding those expenditures and then find that, as a result, the American economy had gained nothing.

The whole fabric of our foreign policy is tailored to the objective of preserving the security and freedom and promoting the prosperity of the American people. It must be recognized that when we engage in collective action with other nations, it is not possible for this Government to have everything its own way. Every partnership involves adjustments and accommodations of interests. Under these circumstances, it is possible that particular firms or economic interests in this country may sometimes fail to receive the opportunities and advantages desired. Nevertheless, these interests are ever present in our minds. To the extent that it is consistent with our over-all security objectives and the economical use of American funds, the Department of State will continue to protect and to promote the interests of American firms and workers in connection with United States military spending abroad.

Sincerely yours,

JOHN FOSTER DULLES

Agreement on New Air Route Between U.S. and Scandinavia

DEPARTMENT ANNOUNCEMENT

Press release 427 dated August 6

By an exchange of parallel notes signed in Washington, D. C., on August 6, 1954, agreement has been reached between the Governments of Denmark, Norway, and Sweden, respectively, and the Government of the United States on the establishment of a new air route between Scandinavia and the United States by way of Greenland.

The notes were signed on behalf of the United States by Thorsten V. Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs; on behalf of Norway by Ambassador Wilhelm Munthe de Morgenstierne; on behalf of Denmark by Ambassador Henrik de Kauffmann; and on behalf of Sweden by Chargé d'Affaires Erik von Sydow.

The agreement provides that, for an experimental period of 3 years, a Scandinavian airline or airlines may operate on a route from Denmark, Norway, and Sweden via Greenland to Los Angeles in both directions, and that an airline or airlines to be designated by the Government of the

United States may exercise reciprocal rights.

If operating experience during the experimental period warrants making these routes permanent, the bilateral air transport agreements between Denmark, Norway, and Sweden, respectively, and the United States shall be amended to provide for such routes.

By another exchange of notes on the same date the existing bilateral air transport agreements between the three Scandinavian countries and the United States were amended so as to include capacity principles and provisions relative to rates (the so-called "Bermuda principles"), such provisions being a standard part of the majority of the United States air transport agreements with other countries.¹

This announcement was made simultaneously in Washington, Copenhagen, Oslo, and Stockholm.

¹For an explanation of the Bermuda principles and other phases of U.S. international aviation policy, see "Aviation Policy and International Relations," by Henry T. Snowden, BULLETIN of July 13, 1953, p. 41.

TEXTS OF U.S. NOTES¹

Note on New Route

SIR: I have the honor to refer to discussions and correspondence that have recently taken place relating to the establishment of an air route between Scandinavia and the United States by way of Greenland. The United States suggests that such a route be established in accordance with the following terms and conditions:

An airline or airlines designated by the Government of Sweden may operate on a route from Sweden, Denmark, and Norway via Greenland to Los Angeles in both directions.

An airline or airlines designated by the Government of the United States may operate on a route from the United States via Greenland to Stockholm and beyond in both directions.

Operations by an airline or airlines designated by the Government of Sweden shall be limited to an experimental period of three years from the date on which a foreign air carrier permit shall be issued by the United States aeronautical authorities to such airline. If operating experience during the experimental period warrants making these routes permanent, the bilateral air transport agreement between the United States and Sweden, effected by an exchange of notes signed at Washington on December 16, 1944, shall be amended to provide for such routes. In this connection, the United States will be prepared to make arrangements with the Government of Sweden at the end of two years of operation on the experimental route to review the operating experience for the purpose of determining whether the route should be made permanent. If the agreement is amended at the end of three years to provide for permanent routes as specified, the United States will wish also to amend the route now contained in paragraph B of the Annex to the Agreement by deleting Chicago.

The Air Transport Agreement between the United States and Sweden effected by an exchange of notes signed at Washington on December 16, 1944, as amended effective December 4, 1945 and as amended effective August 6, 1954, shall apply to the airlines and their operations on the routes.

If the routes described above and the terms and conditions specified are in accordance with the understanding of the Government of Sweden, this Government will be pleased to consider this note and the reply of the Government of Sweden as constituting an agreement effective from the date of the Swedish Government's reply of acceptance.

Accept, Sir, the renewed assurances of my high consideration.

For the Secretary of State:

THORSTEN V. KALIJARVI

¹The notes printed here were addressed to Erik von Sydow, Chargé d'Affaires ad interim of Sweden. Parallel notes were exchanged with Norway and Denmark.

Note on Revision of Air Transport Agreement

SIR: I have the honor to refer to discussions which have recently taken place in Washington concerning the revision of the Air Transport Agreement between the United States of America and Sweden, signed December 16, 1944, so as to include capacity principles, provisions relative to rates and the accompanying articles relating to consultation and arbitration procedures.

It is proposed that the following articles be agreed to between the Government of the United States and the Government of Sweden for incorporation in the Air Transport Agreement signed December 16, 1944.

ARTICLE 10

There shall be a fair and equal opportunity for the airlines of each contracting party to operate on any route covered by this Agreement.

ARTICLE 11

In the operation by the airlines of either contracting party of the trunk services described in this Agreement, the interest of the airlines of the other contracting party shall be taken into consideration so as not to affect unduly the services which the latter provides on all or part of the same routes.

ARTICLE 12

The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

It is the understanding of both contracting parties that services provided by a designated airline under the present Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both contracting parties subscribe and shall be subject to the general principle that capacity should be related:

- (a) to traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
- (b) to the requirements of through airline operation; and
- (c) to the traffic requirements of the area through which the airline passes after taking account of local and regional services.

ARTICLE 13

Rates to be charged on the routes provided for in this Agreement shall be reasonable, due regard being paid to all relevant factors, such as cost of operation, reasonable profit, and the rates charged by any other carriers, as well as the characteristics of each service, and shall be determined in accordance with the following paragraphs:

(A) The rates to be charged by the airlines of either contracting party between points in the territory of the United States and points in the territory of Sweden referred to in the Annex shall, consistent with the provisions of the present Agreement, be subject to the approval of the aeronautical authorities of the contracting parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.

(B) Any rate proposed by an airline of either contracting party shall be filed with the aeronautical authorities

of bot
the P
period
cases
contra
(C)
Board
ferenc
Assoc
men
United
Board
chines
of the
princi
(D)
descri
shall

1. I
ing p
either
a reas
ferenc
2. A
3. I
or fal
traffic
(E)
the ac
fair a
proper
propos
the C
act w
sons a
of the
author
propos
ritory
the te
ing ef
thoriti
airline
or un
cept
above
line o
so not
of the
to, an
agree
In t
tracti
rate i
If a
thirty
the pr
ties o
to sus
pendi
the pr
(F)
ferred
States
any r
tracti
tracti
other
the ex
period
tracti
appropri
In t
tracti
rate to
It is
Augu

of both contracting parties at least thirty (30) days before the proposed date of introduction; provided that this period of thirty (30) days may be reduced in particular cases if so agreed by the aeronautical authorities of each contracting party.

(C) During any period for which the Civil Aeronautics Board of the United States has approved the traffic conference procedures of the International Air Transport Association (hereinafter called IATA), any rate agreements concluded through these procedures and involving United States airlines will be subject to approval of the Board. Rate agreements concluded through this machinery may also be required to be subject to the approval of the aeronautical authorities of Sweden pursuant to the principles enunciated in paragraph (B) above.

(D) The contracting parties agree that the procedure described in paragraphs (E), (F) and (G) of this Article shall apply:

1. If, during the period of the approval by both contracting parties of the IATA traffic conference procedure, either, any specific rate agreement is not approved within a reasonable time by either contracting party, or, a conference of IATA is unable to agree on a rate, or

2. At any time no IATA procedure is applicable, or

3. If either contracting party at any time withdraws or fails to renew its approval of that part of the IATA traffic conference procedure relevant to this Article.

(E) In the event that power is conferred by law upon the aeronautical authorities of the United States to fix fair and economic rates for the transport of persons and property by air on international services and to suspend proposed rates in a manner comparable to that in which the Civil Aeronautics Board at present is empowered to act with respect to such rates for the transport of persons and property by air within the United States, each of the contracting parties shall thereafter exercise its authority in such manner as to prevent any rate or rates proposed by one of its airlines for services from the territory of one contracting party to a point or points in the territory of the other contracting party from becoming effective, if in the judgment of the aeronautical authorities of the contracting party whose airline or airlines is or are proposing such rate, that rate is unfair or uneconomic. If one of the contracting parties on receipt of the notification referred to in paragraph (B) above is dissatisfied with the rate proposed by the airline or airlines of the other contracting party, it shall so notify the other contracting party prior to the expiry of the first fifteen (15) of the thirty (30) days referred to, and the contracting parties shall endeavor to reach agreement on the appropriate rate.

In the event that such agreement is reached, each contracting party will exercise its best efforts to put such rate into effect as regards its airline or airlines.

If agreement has not been reached at the end of the thirty (30) day period referred to in paragraph (B) above, the proposed rate may, unless the aeronautical authorities of the country of the air carrier concerned see fit to suspend its application, go into effect provisionally pending the settlement of any dispute in accordance with the procedure outlined in paragraph (G) below.

(F) Prior to the time when such power may be conferred upon the aeronautical authorities of the United States, if one of the contracting parties is dissatisfied with any rate proposed by the airline or airlines of either contracting party for services from the territory of one contracting party to a point or points in the territory of the other contracting party, it shall so notify the other prior to the expiry of the first fifteen (15) of the thirty (30) day period referred to in paragraph (B) above, and the contracting parties shall endeavor to reach agreement on the appropriate rate.

In the event that such agreement is reached, each contracting party will use its best efforts to cause such agreed rate to be put into effect by its airline or airlines.

It is recognized that if no such agreement can be reached

prior to the expiry of such thirty (30) days, the contracting party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or continuation of the service in question at the rate complained of.

(G) When in any case under paragraphs (E) or (F) of this Article the aeronautical authorities of the two contracting parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one contracting party concerning the proposed rate or an existing rate of the airline or airlines of the other contracting party, upon the request of either, the terms of Article 15 of this Agreement shall apply.

ARTICLE 14

Consultation between the competent authorities of both contracting parties may be requested at any time by either contracting party for the purpose of discussing the interpretation, application, or amendment of the Agreement or Annex. Such consultation shall begin within a period of sixty (60) days from the date of the receipt of the request by the Department of State of the United States of America or the Ministry for Foreign Affairs of Sweden as the case may be. Should agreement be reached on amendment of the Agreement or its Annex, such amendment will come into effect upon confirmation by an exchange of diplomatic notes.

ARTICLE 15

Except as otherwise provided in this Agreement, any dispute between the contracting parties relative to the interpretation or application of this Agreement which cannot be settled through consultation shall be submitted for an advisory report to a tribunal of three arbitrators, one to be named by each contracting party, and the third to be agreed upon by the two arbitrators so chosen, provided that such third arbitrator shall not be a national of either contracting party. Each of the contracting parties shall designate an arbitrator within two months of the date of delivery by either party to the other party of a diplomatic note requesting arbitration of a dispute; and the third arbitrator shall be agreed upon within one month after such period of two months.

If either of the contracting parties fails to designate its own arbitrator within two months, or if the third arbitrator is not agreed upon within the time limit indicated, either party may request the President of the International Court of Justice to make the necessary appointment or appointments by choosing the arbitrator or arbitrators.

The contracting parties will use their best efforts under the powers available to them to put into effect the opinion expressed in any such advisory report. A moiety of the expenses of the arbitral tribunal shall be borne by each party.

The inclusion of Article 14 above relating to consultation would eliminate the need for Article 10 as it now appears in the Agreement, and this article should therefore be deleted.

If the proposals for amendment as set forth above are agreeable to the Government of Sweden, the Government of the United States will be pleased to consider these amendments as entering into force upon the date of your reply of acceptance.

Accept, Sir, the renewed assurances of my high consideration.

For the Secretary of State:

THORSTEN V. KALLJARVI

August 16, 1954

253

Current Treaty Actions

MULTILATERAL

Agriculture

International plant protection convention. Done at Rome December 6, 1951.¹

Adherence deposited: Iraq, July 1, 1954.

Protocol providing for the dissolution of the International Institute of Agriculture and transferring its functions to the Food and Agriculture Organization. Dated at Rome March 30, 1946. Entered into force January 28, 1948. TIAS 1719.

Accession deposited: Japan, May 31, 1954.

Cultural Relations

Agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific and cultural character, and protocol. Opened for signature at Lake Success July 15, 1949. Entered into force August 12, 1954.¹

Acceptance deposited: Greece, July 9, 1954.

Narcotic Drugs

Protocol for limiting and regulating the cultivation of the poppy plant, the production of, international and wholesale trade in, and use of opium. Dated at New York June 23, 1953.²

Ratification deposited: Japan, July 21, 1954.

War

Geneva convention relative to treatment of prisoners of war;

Geneva convention for amelioration of the condition of the wounded and sick in armed forces in the field;

Geneva convention for amelioration of the condition of wounded, sick and shipwrecked members of armed forces at sea;

Geneva convention relative to protection of civilian persons in time of war.

Dated at Geneva August 12, 1949. Entered into force October 21, 1950.¹

Ratification deposited: Bulgaria, July 22, 1954.

Weather Stations

Agreement on North Atlantic Ocean Stations. Dated at Paris February 25, 1954.²

Acceptance deposited: Canada, July 13, 1954.

BILATERAL

El Salvador

Cooperative program agreement for agricultural development, pursuant to the general agreement for technical cooperation of April 4, 1952 (TIAS 2527). Signed at San Salvador July 16, 1954. Enters into force upon notification to the United States of ratification by El Salvador.

Ethiopia

Agreement for a program of special technical services, pursuant to the general agreement for technical cooperation of June 16, 1951 (TIAS 2271). Signed at Addis Ababa April 21, 1954. Entered into force April 21, 1954.

¹ Not in force for the United States.

² Not in force.

Agreement amending and extending the cooperative program agreement for the study of water resources of June 23 and 24, 1952, as amended (TIAS 2662 and 2814). Effected by exchange of notes at Addis Ababa April 27 and May 11, 1954. Entered into force May 11, 1954.

Agreement amending and extending the agreements of November 7, 1952, and of June 23 and 25, 1953, relating to technical cooperation programs in vocational and industrial crafts training, and in education, respectively. Effected by exchange of notes at Addis Ababa May 10 and June 1, 1954. Entered into force June 1, 1954.

Agreement amending the agreement of November 7, 1952, relating to a technical cooperation program in vocational and industrial crafts training. Effected by exchange of notes at Addis Ababa May 18 and June 12, 1954. Entered into force June 12, 1954.

Agreement supplementing and extending the agreement of December 24, 1952 and March 30, 1953, relating to the extension of technical cooperation to Eritrea. Effected by exchange of notes at Addis Ababa May 18 and June 12, 1954. Entered into force June 12, 1954.

Luxembourg

Agreement amending Clause 13 of the standard offshore procurement contract as approved by the exchange of notes of April 17, 1954.² Effected by exchange of notes at Luxembourg May 10 and July 16, 1954.

Mexico

Agreement reducing minimum contract period for migratory workers from six to four weeks, pursuant to exchange of notes dated March 10, 1954 (TIAS 2932). Effected by an exchange of notes at Mexico July 16, 1954. Entered into force July 16, 1954.

Philippines

Agreement extending the reciprocal free trade period provided for by the trade agreement of July 4, 1946 (TIAS 1588). Effected by exchange of notes at Manila July 7, 1954. Entered into force July 7, 1954; operative retroactively from July 4, 1954. Present agreement extends reciprocal free trade period to December 31, 1955.

THE DEPARTMENT

Abolition of Metals and Minerals Staff

Department Circular 110 dated July 12

Pursuant to the language contained in the Department's appropriation act for fiscal year 1955, the Metals and Minerals Staff, Office of International Materials Policy, was abolished effective July 1, 1954.

Designations

William J. McWilliams as special assistant to the Assistant Secretary for Economic Affairs, effective July 1.
Belton O. Bryan as Director of the Office of Munitions Control, effective July 2.

Arthur L. Burt as special assistant to the Director of the Office of Libraries and Intelligence-Acquisition, effective July 30.

Robinson McIlvaine as Deputy Assistant Secretary for Public Affairs, effective August 1.

Atomic Energy. Recent Developments in Atomic Energy (Strauss)	227
China. Demand for Redress for Americans Killed and Injured Near Hainan	241
Economic Affairs	
Abolition of Metals and Minerals Staff	254
Advisory Group To Study Economy of Formosa	242
Agreement Between Iran and International Oil Consortium	230
Credit to Bank of Japan for Purchase of U.S. Cotton	242
Removal of Obstacles to International Trade (Hotchkis)	246
Egypt	
Settlement of Suez Controversy (texts of messages)	234
U.S.-Egyptian Reclamation Project	233
Formosa. Advisory Group To Study Economy of Formosa	242
Germany. East Germans Accept Offer of U.S. Aid for Flood Victims	240
Guatemala	
The Communist Effort in Guatemala (Beaulac)	235
The Guatemalan Communist Party	237
Iran. Agreement Between Iran and International Oil Consortium	230
Japan. Credit to Bank of Japan for Purchase of U.S. Cotton	242
Mutual Security	
Advisory Group To Study Economy of Formosa	242
East Germans Accept Offer of U.S. Aid for Flood Victims	240
Program for Overseas Construction and Offshore Procurement (Dulles)	249
U.S.-Egyptian Reclamation Project	233
Poland. U.S. Rejects Polish Charges Concerning Attack on Ships	241
Presidential Documents	
Agreement Between Iran and International Oil Consortium	230
President Urges State Committees To Aid Refugee Resettlement	239
Protection of Nationals and Property	
Demand for Redress for Americans Killed and Injured Near Hainan	241
U.S. Rejects Polish Charges Concerning Attack on Ships	241
Refugees and Displaced Persons	
Evacuating Refugees From North Viet-Nam	241
President Urges State Committees To Aid Refugee Resettlement	239
Scandinavia. Agreement on New Air Route Between U.S. and Scandinavia (texts of notes)	251
State, Department of	
Abolition of Metals and Minerals Staff	254
Designations (Bryan, Burt, McIlvaine, McWilliams)	254
Treaty Information	
Agreement on New Air Route Between U.S. and Scandinavia (texts of notes)	251
Current Actions	254
United Kingdom. Settlement of Suez Controversy (texts of messages)	234

United Nations	
Confirmation of Delegates to Ninth General Assembly	248
Principles of Collective Security (Wadsworth) (text of U.S. working paper)	243
Removal of Obstacles to International Trade (Hotchkis)	246
Viet-Nam. Evacuating Refugees From North Viet-Nam	241

Name Index

Beaulac, Willard L.	235
Bryan, Belton O.	254
Burt, Arthur L.	254
Conant, James B.	240
Dulles, Secretary	230, 231, 232, 234, 249
Eden, Anthony	231, 234
Eisenhower, President	230, 239, 240
Fawzi, Mahmoud	234
Grotewohl, Otto	240
Henderson, Loy W.	231
Hotchkis, Preston	246
McIlvaine, Robinson	254
McWilliams, William J.	254
Nasser, Gamal Abdel	234
Page, Howard	233
Pushkin, Georgi	240
Stassen, Harold E.	242
Strauss, Lewis L.	227
Wadsworth, James J.	243

Check List of Department of State Press Releases: August 2-8

Releases may be obtained from the News Division, Department of State, Washington 25, D.C.

No.	Date	Subject
*418	8/2	Ageton: Swearing-in ceremony
419	8/3	Dulles: Messages on Suez agreement
420	8/4	Note to Communist Chinese
421	8/4	Dulles: Iranian oil agreement
422	8/5	Dulles: Letter to Iranian leaders
423	8/5	Statement by Loy Henderson
424	8/5	Dulles-Eden messages
425	8/6	Note to Poland
426	8/6	Pushkin letter to Conant
427	8/6	New air route via Greenland
428	8/7	Dulles letter to Hoover
†429	8/6	U.S. citizens detained in Moscow
430	8/7	Dulles message to Henderson
431	8/8	North Viet-Nam refugees

* Not printed.

† Held for a later issue of the BULLETIN.



the
Department
of
State

Order Form

To: Supt. of Documents
Govt. Printing Office
Washington 25, D.C.

Enclosed find:

\$ _____
(cash, check, or
money order).

UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON 25, D. C.

UNIVERSITY OF MICHIGAN
DOCUMENTS SECTION
DSB 18220
DEC
BA

GENERAL LIBRARY
ANN ARBOR MICH

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(GPO)

CY . .

read

The Department of State bulletin

. . . a weekly publication for everyone
who is interested in America's
place in the world of nations.

The *Bulletin* holds a distinguished place among periodicals in the field of international affairs. It brings you policy statements and authoritative articles dealing with such topics as security for the free world, economic assistance to free nations, and progress in easing international tensions.

The *Bulletin* gives you the United States position in United Nations activities through official statements, texts of resolutions, and feature articles on the plans and accomplishments of members working together.

Newspaper columnists, radio commentators, lawyers, historians, and educators rely on the *Bulletin*.

Place your subscription to the *Bulletin* with the Superintendent of Documents, Government Printing Office, Washington 25, D. C. The subscription price for 52 issues is \$7.50 domestic, \$10.25 foreign. Single copy, 20 cents.

Please enter my subscription
to the
Department of State Bulletin

Name _____

Street Address _____

City, Zone, and State _____